

Alabama Department of Revenue  
General Summary of State Taxes

**2012**



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# ***Department's Mission Statement***

*The Alabama Department of Revenue will efficiently and effectively administer the revenue laws in an equitable, courteous and professional manner to fund governmental services for the citizens of Alabama.*

## **Introduction**

The *General Summary of State Taxes* is published for the purpose of offering a concise handbook of the revenue sources -- taxes or fees -- currently available to the state of Alabama. The taxes are outlined with the statutory or constitutional authority, basis, rate, exemption, payment, distribution, and changes through the 2012 regular session and first special session of the Alabama Legislature. This information is contained in Parts Two and Three of this publication.

Part One of this publication features helpful information about the Alabama Department of Revenue, including the department's website, the duties and responsibilities of the department, descriptions of the various units within the organization, statistical information, and useful address and phone number information.

# **Part One – General Information**

## **Revenue Department Web Site**

The department maintains a web site to provide quick and easy access to a variety of state and local tax information including printable tax forms and publications, news and statistics, legal rulings and opinions, tax policy, electronic filing services and taxpayer assistance information. The department's web site address is [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

The department has a feature called “My Alabama Taxes - MAT”. In “My Alabama Taxes - MAT” taxpayers can register to view their account online. Taxpayers can also print copies of letters and their tax returns. Taxpayer’s can access “My Alabama Taxes - MAT” by clicking on the logo for “My Alabama Taxes - MAT” on the home page of the department’s website.

## **Income Tax Refund Inquiry**

Taxpayers may call the department’s automated Income Tax Refund Hot Line to inquire about the status of their refund. The number is 1-800-558-3912. Make sure to have a copy of your tax return at hand for reference.

Taxpayers may also check the status of their refund by going to our website and clicking on the “Where’s My Refund?” tab. The department's web site address is [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

Taxpayers may also check the status of their refund from their iPhone by downloading the free "My AL Refund" app from iTunes.

## **Taxpayers’ Bill of Rights and Uniform Revenue Procedures Act and Taxpayer Advocate**

Section 40-2A-1 et. seq., Code of Alabama 1975, guarantees taxpayers certain rights to uniform application and due process of Alabama’s tax laws. It integrates, in a logical sequence, all the procedures and provisions into one chapter and provides an advocate to resolve certain taxpayer matters.

# Historical Outline for the Alabama Department of Revenue

The current revenue system of the State of Alabama has evolved through a series of legislative enactments dating back to the early 1900s.

One of the earliest revenue organizations was the State Board of Assessment. Composed of the governor, secretary of state, state auditor, and state treasurer, the board was responsible for assessing tangible property of public utilities and public service corporations.

A legislative act of 1898-99 provided for the office of state tax commissioner, whose duties were to "aid revenue officers in the state in the collection of escaped, delinquent, back taxes and licenses, in discovering and prosecuting by civil and criminal penalties and costs all evasions or violations of the revenue laws of this state, and in the perfecting of all tax titles made under laws of this state."

A major organizational change took place in 1915 with the dissolution of the State Board of Assessment and the creation of a State Board of Equalization. This board, which assumed the duties of the State Tax Commission (created in 1907 to directly assess the intangible property of public utilities), was required to assess all tangible and intangible property of public utilities and public service corporations.

The State Board of Equalization lasted until 1919, when the State Tax Commission was re-created. It was at that time that the first attempt was made to undertake the task of direct tax collection. Although an income tax law was passed, the Supreme Court declared the tax unconstitutional.

Also significant in 1919 was the passage of the General Revenue Act, which authorized the State Tax Commission to issue tags to motor vehicle dealers, issue replacement tags, and collect charges for those services. The office of tax adjuster was created as part of this act, but was abolished several years later.

A second Revenue Act, passed in 1923, gave the State Tax Commission the power to directly assess the shares of domestic corporations. During this year, the first of a series of taxes on gasoline was levied.

The next few years brought additional duties to the State Tax Commission with the levying and direct collection of various taxes, among them taxes on tobacco, lubricating oil, gross receipts of rail line transportation companies, sleeping car companies, express companies, hydroelectric energy, and gross receipts of motor buses and automobiles for hire. A license tax for registering foreign securities, in lieu of an ad valorem tax, was provided by the legislature. The first income tax was enacted in 1933.

The passage of a third Revenue Act in 1935 centralized the authority of the State Tax Commission in the areas of assessment and collection. Numerous licenses and taxes which had previously been collected by other state offices were finally placed under the control of the State Tax Commission.

Also resulting from this act was the designation of a member of the State Tax Commission as the state land commissioner. Appointed by the governor, the commissioner administered laws dealing with lands acquired by the state for the non-payment of taxes.

Influential revenue measures were enacted into law beginning with the Special Session in 1936. The first of these was the levy of a one and one-half percent gross receipts tax, which was later repealed and replaced with a two percent sales tax. Since the act approving the sales tax provided for the exemption of many essential commodities, it was referred to as a luxury tax act.

The former State Tax Commission was abolished in 1939 with the creation of the present State Department of Revenue. Several acts resulted in a single executive officer being made ex-officio State Land Commissioner, and a

Legal Counsel being provided to the department for assistance in tax litigation. Thus, the entire revenue department of the state was joined together under the new commissioner of revenue.

## **Duties and Responsibilities of the Department – Generally**

Included among the duties of the Alabama Department of Revenue are the following:

To inspect and examine at all reasonable business hours any books, documents, records, or papers kept by any person, firm, corporation, trustee, or receiver;

To make all assessments of taxes or penalties which it is authorized to enforce or collect and report the same to the Attorney General;

To have and exercise general and complete supervision and control of the valuation, equalization, and assessment of property, privilege, or franchise and of the collection of all property, privilege, license, excise, intangible, franchise, or other taxes for the state;

To require individuals, partnerships, associations, corporations, trustees, and receivers, and the agents, officers, and employees thereof, to furnish information concerning their capital, funded or otherwise, gross receipts, net profits or income, excess profits, current assets and liabilities, values of franchises, intangibles, value of property, earnings, operating and other expenses, bonds, deeds, conduct of business, and all other facts, records, books, papers, documents, and other information of any kind demanded which may be needful in order to enable the department to ascertain the value and relative burden to be borne by every kind of property in this state and to ascertain the proper amount of license, privilege, excise, corporation, franchise, income, or ad valorem taxes;

To cause the deposition of witnesses residing within or without the state to be taken upon such notice to the interested party, if any, as the department may prescribe, in like manner as depositions of witnesses are taken in actions pending in circuit court, in any matter which the department has authority to investigate and determine. The depositions shall be taken upon a commission issued by the Department of Revenue, or the secretary thereof, in the name of the department, and returnable to the department;

To investigate the tax system of other states; to thoroughly inform itself upon the subject of taxation and of the progress made in other states and counties in improving their tax system, to formulate and recommend such legislation as may be deemed expedient to prevent evasion of existing tax laws and to secure just and equal taxation and improvements in the system of taxation in this state; and

To consult and confer with the Governor upon the subject of taxation and the administration of the laws and progress of the work of the department, and to furnish to the Governor from time to time such information as he may require.

To issue executions and writs of garnishment.



# **Office of the Commissioner of Revenue**

## **Commissioner of Revenue**

The Commissioner of Revenue serves as the chief executive officer of the Alabama Department of Revenue. The commissioner is appointed by and serves at the pleasure of the governor.

As state revenue commissioner, the commissioner is responsible for the operation and management of the Alabama Department of Revenue. In addition to the administration, collection and enforcement of over 50 state taxes and fees, with annual collections exceeding \$8 billion, the commissioner is also, by law, the Ex-Officio Land Commissioner. As Ex-Officio Land Commissioner, the commissioner must oversee the sales of all property acquired and sold by the state for delinquent property taxes. By law, the Commissioner of Revenue also serves on the State Records Commission, the Alabama Education Authority, the Alabama Public School Corporation, the Enterprise Zone Advisory Council, the State Industrial Development Authority, and the Alabama Commerce Commission.

The appointment, term of office, and qualifications of State Revenue Commissioner are detailed in §40-2-41, Code of Alabama, 1975.

## **Assistant Commissioner of Revenue**

The Assistant Commissioner of Revenue is the top senior management position within the Alabama Department of Revenue. The assistant commissioner is a merit system employee whose job classification provides for management continuity and stability for the department irrespective of changes in state administration. Code of Alabama §40-2-44 establishes the office of Assistant Commissioner of Revenue and provides that in the absence of the commissioner, the assistant commissioner will assume the duties of the office of the Commissioner of Revenue.

## **Deputy Commissioner of Revenue**

The Deputy Commissioner of Revenue is an appointed position and holds office according to the provisions of the state Merit System as provided by Chapter 26 of Title 36, Code of Alabama, 1975.

The Deputy Commissioner of Revenue's role includes a myriad of duties and activities that are positioned to bring to fruition the plans and goals of the Commissioner of Revenue. These activities include, but are not limited to: the development and communication of major tax policies; the creation and implementation of actions that increase the efficiency and effectiveness of the Revenue Department; liaison functions with the Governor and his staff; interactions with various legislators, business groups, and professional associations.

## **Duties of Secretary**

Statutory duties of the secretary have been assigned to the Deputy Commissioner of Revenue.

Duties of the secretary include keeping full and correct minutes and records of all hearings, transactions, proceedings, and findings of the department and other duties as may be required by law or by the department.

## **Tax Policy Administrator**

This position serves as the Department's primary source for the determination and coordination of major tax policy issues.

## **Legal Counsel**

The Commissioner of Revenue, with the approval of the Attorney General, appoints an attorney as legal counsel for the department who holds office at the pleasure of the Governor. The counsel shall be commissioned as an

Assistant Attorney General and, in addition to the powers and duties conferred, have the authority and duties of an Assistant Attorney General; except, that his entire time shall be devoted to the Department of Revenue. He takes the oath required of other assistant attorneys general.

### **Taxpayer Advocate**

The person designated by the Commissioner to assist the taxpayers of the State of Alabama with regard to tax issues resulting from any taxes administered or collected by the department.

# **Directory**

Alabama Department of Revenue  
Gordon Persons Building  
50 N. Ripley Street  
Montgomery, Alabama 36132

## **Commissioner of Revenue**

Julie P. Magee  
Rm. 4112  
Gordon Persons Bldg.  
334-242-1175

## **Office of the Commissioner of Revenue**

### **Assistant Commissioner**

Cynthia Underwood  
Rm. 4112  
Gordon Persons Bldg.  
334-242-1175

### **Deputy Commissioner**

Michael Mason  
Rm. 4112  
Gordon Persons Bldg.  
334-242-1175

### **Tax Policy Administrator**

Joe Garrett  
Rm. 4112  
Gordon Persons Bldg.  
334-242-1175

### **Legal Division**

Ron Bowden, Chief Counsel  
Rm. 3114, GPB  
334-242-9690

### **Tax Policy and Research**

Curtis Stewart  
Rm. 4131, GPB  
334-242-1380

### **Taxpayer Advocate**

Brenda Russ  
Rm. 4118, GPB  
334-242-1055

## **Divisions**

### **Business & License Tax Division - Janet W. Stathopoulos, Director**

Third Floor of the Gordon Persons Building

**Business Privilege Licenses, (Automotive Dismantlers and Parts Recyclers, Buyer's Identification Cards), Severance Taxes, (Oil and Gas, Forest Products, Coal, Alabama Uniform Natural Minerals, Local Solid Minerals and Iron Ore), Tobacco Taxes (State and County), Escrow & Complimentary Legislation Provisions relating to the tobacco Master Settlement Agreement, Playing Cards Tax, Hazardous Waste Fees, Dog Race Track Pari-Mutuel Pool Tax, State Horse Racing Fee, Underground/Aboveground Storage Tank Trust Fund Charge, Solid Waste Disposal Fees, Gasoline and Diesel Fuels Taxes, Lubricating Oil Tax, Aviation Fuels Tax, Wholesale Oil/Import License Fee, Motor Carrier Mileage Tax, Scrap Tire Environmental Fee, and County Fuel Taxes**

Room 3311

Gordon Persons Bldg.

334-242-9600

### **Collection Services Division - Voncile Catledge, Director**

Third Floor of the Gordon Persons Building

Room 3143, GPB, 334-242-1220

**Final Assessment Collection, Executions, Garnishments, Seizures, 100% Penalty Assessments**

Joan Crumbley, Assistant Director, Rm. 3143, 334-242-1220

### **Economic Development - Joe Garrett, Tax Policy Administrator**

Rm. 4112

Gordon Persons Bldg.

334-242-1175

### **Human Resources Division - Linda Ellis, Director**

Rm. 4102

Gordon Persons Bldg.

334-242-1670

### **Information Technology Division - Ken Ball, Director**

Rm. 1115

Gordon Persons Bldg.

334-242-8500

### **Individual and Corporate Tax Division – James Lucy, Director**

Fourth Floor of the Gordon Persons Building

Room 4212, GPB, 334-242-1000

**Individual & Corporate Income Tax, Withholding, Financial Institutional Excise Tax, Business Privilege Tax, Partnership, Fiduciary and Trusts**

Anne Winborne, Assistant Director, Rm. 4212, 334-242-1000

### **Investigations Division - Charles E. Crumbley, Director**

1021 Madison Ave

334-242-3012

**Motor Vehicle Division - Brenda Coone, Director**

First Floor of the Gordon Persons Building

Room 1216, GPB, 334-242-9000

**Titles, Motor Vehicle Registration, Mandatory Liability Insurance, International Fuel Tax Agreement,  
International Registration Plan, Motor Vehicle Dealers Off-Site License,  
Motor Vehicle Dealers, Reconditioners, Rebuilders and Wholesaler License**

Mike Gamble, Assistant Director, Title Section, Room 1216, 334-242-9008

Jay Starling, Assistant Director, Registration Section, Room 1234, 334-242-9880

**Processing Division - Anne Glenn, Director**

Don Graham, Assistant Director

Rm. 1101

Gordon Persons Bldg.

334-242-2017

**Property Tax Division - Bill Bass, Director**

Fourth Floor of the Gordon Persons Building

Room 4103, GPB, 334-242-1525

**Property Tax, Real Property Valuation, Personal Property Valuation, Motor Vehicle Valuation, Public  
Utility Assessments, Freight Line Equipment Tax, Land Sales**

Hartley McLaney, Assistant Director, Rm. 4126, 334-242-1525

**Sales and Use Tax Division - Joe Walls, Director**

Third and Fourth Floors of the Gordon Persons Building

Room 4303, GPB, 334-242-1490

**Sales and Use Taxes, Casual Sales Tax, City and County Sales and Use Taxes, Rental Tax, Lodgings Tax,  
Utility Taxes, Mobile Communications Tax, TVA Tax, Contractors Gross Receipts Tax, Nursing Facilities  
Tax, Pharmaceutical Providers Tax, Dry Cleaning Environmental Response Trust Fund Fee, Prepaid  
Wireless 9-1-1 Charge**

Dan Bass, Assistant Director, Rm. 4303, 334-242-1575

# **Taxpayer Service Centers**

## **PHYSICAL ADDRESSES - DO NOT USE THESE FOR MAILING!**

(Mailing Addresses are shown on the Next Page)

### **AUBURN/OPELIKA Service Center**

3300 Skyway Drive  
Auburn, AL 36830  
Phone -- (334) 887-9549

### **JEFFERSON/SHELBY Service Center**

2020 Valleydale Road, Suite 208  
Hoover, AL 35244  
Phone -- (205) 733-2740

### **DOTHAN Service Center**

344 North Oates St.  
Dothan, AL 36303  
Phone -- (334) 793-5803

### **GADSDEN Service Center**

235 College Street  
Gadsden, AL 35901  
Phone -- (256) 547-0554

### **HUNTSVILLE Service Center**

4920 Corporate Dr., Suite H  
Huntsville, AL 35805  
Phone -- (256) 837-2319

### **MOBILE Service Center**

955 Downtowner Blvd  
Mobile, AL 36609  
Phone -- (251) 344-4737

### **MONTGOMERY Service Center**

1021 Madison Avenue  
Montgomery, AL 36104  
Phone -- (334) 242-2677

### **MUSCLE SHOALS Service Center**

874 Reservation Road  
Muscle Shoals, AL 35661  
Phone -- (256) 383-4631

### **TUSCALOOSA Service Center**

518 19th Avenue  
Tuscaloosa, AL 35401  
Phone -- (205) 759-2571

## **MAILING ADDRESSES**

### **AUBURN/OPELIKA Service Center**

PO Box 2929

Auburn, AL 36831-2929

### **JEFFERSON/SHELBY Service Center**

PO Box 1927

Pelham, AL 35124-5927

### **DOTHAN Service Center**

PO Box 5739

Dothan, AL 36302-5739

### **GADSDEN Service Center**

PO Drawer 1190

Gadsden, AL 35902-1190

### **HUNTSVILLE Service Center**

PO Box 11487

Huntsville, AL 35814-1487

### **MOBILE Service Center**

PO Drawer 160406

Mobile, AL 36616-1406

### **MONTGOMERY Service Center**

PO Box 327490

Montgomery, AL 36132-7490

### **MUSCLE SHOALS Service Center**

PO Box 3148

Muscle Shoals, AL 35662-3148

### **TUSCALOOSA Service Center**

PO Box 2467

Tuscaloosa, AL 35403-2467

## Part Two – Tax Information

### ***Agents Occupational License Tax***

#### **Authority**

Amendment 154 of the Constitution of Alabama.

#### **Basis**

A foreign corporation whose only business in Alabama is to take and hold mortgages on real property within the state is permitted to do so without qualifying as a foreign corporation.

#### **Rate**

Broker, custodian, or agent, pay \$100 for the first year for each foreign corporation represented and \$5 annually thereafter.

#### **Payment**

File Form FT 6-2 with the Alabama Department of Revenue, Individual and Corporate Tax Division, prior to engaging in loan activity.

#### **Distribution**

General Fund

### ***Alabama Uniform Severance Tax***

#### **Authority**

Sections 40-13-50 through 40-13-61 Code of Alabama 1975.

#### **Basis**

Severing natural minerals in any county of the state for sale and use as tangible personal property. The levy's primary purpose is to compensate counties for use of roads and infrastructure.

#### **Rate**

\$.10 per ton.

#### **Exemption**

Lime and limestone used for agricultural purposes and pollution control/abatement; minerals used for certain manufacturing or processing purposes; and marble, iron ore, quartzite, coal, oil and natural gas; minerals that are sold to a purchaser for use outside the state provided such minerals are not transported on public roads in Alabama; severed materials by an operator or producer and moved from one place to another on the same site, or transported to another site owned by the same operator; severed materials used for fill; and chert. Beginning October 1, 2012, a producer who severs materials and sells it to the first purchaser without the materials being transported on a public road shall be exempt from tax, provided that the materials will later be processed into a finished aggregate or limestone product for resale. In this instance, the tax shall be levied on the finished aggregate or limestone product made from the exempt material and shall be remitted by the first purchaser. Additional exemptions effective October 1, 2012: Severed material that is wasted by any manufacturing process provided the material is not transported on a public road in this state and is not sold to another entity; and direct purchases by the federal government and State of Alabama, along with their agencies and political subdivisions, including municipalities, counties, and city and county school boards.



The tax is not operative in Coosa County. (See Local Solid Mineral Taxes.) Geneva, Lamar, Lee, Marshall, and Wilcox counties elected to opt out, and may establish their own levies.

### **Payment**

Tax collected at sale or delivery by producer from the purchaser; or, effective October 1, 2012, upon receipt and processing by the purchaser, and remitted to the Alabama Department of Revenue, Business & License Tax Division, Severance & License Section, not later than the 20th day of the month following the month of transaction.

### **Distribution**

To counties severed.

## ***Alcoholic Beverage Control Revenues***

### **Authority**

Sections 28-3-43; 28-3-183 through 28-3-205; and 28-7-16, Code of Alabama 1975.

### **Basis**

Sale of alcoholic beverages, also the license and filing fees required of distillers, manufacturers, wholesalers, and retailers.

### **Rate**

Beer 5 cents per 12 fluid ounces or fraction thereof.

Local beer taxes 1.625 cents per 4 fluid ounces or fraction thereof.

Liquors & Fortified Wines 56% of cost marked up price.

Table wine containing not more than sixteen and one-half percent (16.5%) alcohol by volume 45 cents / liter (State – 38 cents; Local – 7 cents).

Table wine containing more than sixteen and one-half percent (16.5%) alcohol by volume \$2.42 / liter.

Annual license and rates based on activity and, in some application fee cases, population base.

**Note:** 4% sales tax also applies at time of consumer market purchase and 2% sales tax for the ABC store purchase.

### **Payment**

Paid to Alcoholic Beverage Control Board.

Beer excise taxes are paid by wholesaler based on receipts.

Taxes on liquor and wine sold through state-operated stores are paid by consumer at time of purchase.

Taxes on table wines sold in retail establishments are paid by wholesaler and added to the retail price.

License and application fees paid annually by October 1.

Obtain forms from ABC Board.

## ***Automotive Dismantlers and Parts Recyclers***

### **Authority**

Sections 40-12-410 through 40-12-425, Code of Alabama 1975.

### **Basis**

Engaging in the business of purchasing and dismantling wrecked, abandoned, or repairable motor vehicles; selling motor vehicles as a unit at wholesale; selling usable parts; or selling the hulk of the motor vehicle after salvageable parts have been removed.

A person is presumed to be engaged in the dismantling and/or parts recycling business if he possesses ten or more inoperable vehicles for more than 30 days.

**Rate**

License \$225 annually.

**Payment**

File application, provide applicable bond, and remit fee to the Alabama Department of Revenue, Business & License Tax Division, Severance, and License Section, by October 31. If renewing the license, payment is delinquent on November 1.

**Distribution**

General Fund

***Aviation Fuel Tax*****Authority**

Sections 40-17-325(a)(3) and 40-17-360, Code of Alabama 1975.

**Basis**

Fuel used to propel powered aircraft.

**Rate**

Aviation gasoline \$.095 per gallon

Jet fuel \$.035 per gallon

**Payment**

Paid by 22nd of month following month of transaction to the Alabama Department of Revenue, Business & License Tax Division, Motor Fuels Section.

**Distribution**

Department of Transportation

***Business Privilege License*****Authority**

Sections 40-12-1 through 40-12-180, Code of Alabama 1975.

**Basis**

Engaging in certain businesses, professions, or occupations within Alabama as specified in the Code of Alabama 1975.

**Rate**

Rates vary, generally based on the population of the municipality in which the business is located. In some cases the license fee depends on the amount of capital invested; in others, the gross amount of orders or contracts accepted; or other conditions stipulated by the Code of Alabama 1975.

**Payment**

No tax returns are filed.

Unless otherwise specified, privilege license fees are due and payable by October 1 and delinquent on November 1.

Licenses are issued by the county-issuing authority at the courthouse in the county in which the business, profession, or occupation is conducted.

**Other**

Businesses, vocations, and occupations may also be subject to various additional county and municipal licensing requirements which vary by location. Municipal licenses are issued and administered by the municipalities.

### **Distribution**

50% – General Fund, unless otherwise stated

50% – County general fund where collected

## ***Business Privilege Tax***

### **Authority**

Sections 40-14A-21 through 40-14A-29, Code of Alabama 1975.

### **Basis**

The tax is calculated on net worth plus additions, minus exclusions, times the apportionment factor, less the deductions, which equals taxable net worth.

### **Rate**

The rate is based on the ability to pay and is determined by the entity's federal taxable income in Alabama. The rate ranges from \$.25 to \$1.75 for each \$1,000 of net worth in Alabama.

If taxable income of the taxpayer is:

at least	but less than	The tax rate shall be
	\$1	\$0.25 per \$1,000
\$1	\$200,000	\$1.00 per \$1,000
\$200,000	\$500,000	\$1.25 per \$1,000
\$500,000	\$2,500,000	\$1.50 per \$1,000
\$2,500,000		\$1.75 per \$1,000

### **Payment**

The Business Privilege Tax accrues as of January 1 of every taxable year; or in the case of a taxpayer organized, incorporated, qualified, or registered during the year, or doing business in Alabama for the first time, as of the date the taxpayer qualifies to do business, or begins to do business, in Alabama.

Minimum privilege tax is \$100; plus the \$10 Secretary of State annual report fee for corporations.

Maximum privilege tax is \$15,000 for all years after 2000, unless otherwise stated.

The maximum privilege tax for financial institutions and insurance companies is \$3,000,000 for each tax year.

The maximum privilege tax for an Electing Family Limited Liability Entity is \$500.

The Business Privilege Tax is filed on Form PPT for pass through entities and on Form CPT for all other entity types.

Payment is to be made to the Alabama Department of Revenue, Individual and Corporate Tax Division. Payment and return are due by March 15 for calendar year corporations and April 15 for calendar year limited liability entities.

In the case of a fiscal year filer, payment and return are due by the 15th day of the third month from the beginning of the fiscal year for corporations and the 15th day of the fourth month from the beginning of the fiscal year for limited liability entities.

Payment and return for disregarded entities are due not later than the time its owner is required to file.

The initial return, Form BPT-IN, and tax are due two and one-half months after organization, incorporation, registration, qualification or beginning to do business, whichever occurs first.

**Distribution**

A portion of the privilege tax will be distributed to each county and the remainder will be distributed to the General Fund.

***Charter (Filing) Fee*****Authority**

Section 10A-1-4.31, Code of Alabama 1975.

**Basis**

Persons incorporating or registering in this state for the purpose of conducting business.

**Rate**

\$150 for domestic entity: \$100 for State of Alabama; \$50 for judge of probate

\$150 for foreign entity: \$150 for State of Alabama

**Payment**

Paid one time to the Judge of Probate of the county in which business is incorporated or to the Secretary of State. Separate checks should be prepared when appropriate: one payable to the State of Alabama covering all charges for the Secretary of State; one payable to the Judge of Probate for all charges for the Judge of Probate.

**Distribution**Domestic Entities:

\$100 – Secretary of State Entity Fund 30%; General Fund 70%

\$50 – Judge of Probate of the county in which the business is incorporated.

Foreign Entities:

\$150 – Secretary of State Entity Fund 30%; General Fund 70%

***Coal Severance Tax*****Authority**

Sections 40-13-1 through 40-13-10 and 40-13-30 through 40-13-36, Code of Alabama 1975.

**Basis**

Severing coal within state.

**Rate**

\$.135 per ton; levied under Sec. 40-13-2.

\$.20 per ton; levied under Sec. 40-13-31.

\$.335 total per ton severed.

**Payment**

File with the Alabama Department of Revenue, Business & License Tax Division, Severance and License Section, within 20 days after the end of each calendar month for the previous month's operations.

**Distribution**

Section 40-13-5 and 40-13-6, Code of Alabama 1975.

The \$.135 per ton levy is first obligated to the State Docks Bulk Handling Facility Trust Fund, for the servicing of bonds issued for dock construction.

For the 2011-2012 fiscal year, monies remaining after payment of servicing the State Dock's bonds, or any anticipated deficiencies in operating the docks, shall be distributed as follows:

\$300,000	Alabama Mining Academy
\$500,000	Jefferson County General Fund
\$500,000	Tuscaloosa County General Fund
\$200,000	Walker County Economic and Industrial Development Authority

In addition:

\$100,000	Community Development Foundation, Inc.
\$50,000	Marion County Community Development Association, Inc.
\$50,000	West Alabama Development Association of Fayette County
\$100,000	Jackson County Economic Development Association
\$100,000	West Alabama Economic Development Association

Any county producing coal that has not previously received an allocation shall receive an allocation based upon tonnage produced in their county using 60% of severance tax.

Remainder      General Fund

For the 2012-2013 fiscal year, monies remaining after payment of servicing the State Dock's bonds, or any anticipated deficiencies in operating the docks shall be distributed as follows:

\$300,000	Alabama Mining Academy
\$250,000	Jefferson County General Fund
\$250,000	Tuscaloosa County General Fund
\$100,000	Walker County Economic and Industrial Development Authority

In addition:

\$100,000	Community Development Foundation, Inc.
\$50,000	Marion County Community Development Association, Inc.
\$50,000	West Alabama Development Association of Fayette County
\$50,000	Jackson County Economic Development Association
\$100,000	West Alabama Economic Development Association
\$100,000	Winston County General Fund
Remainder	General Fund

For the 2013-2014 fiscal year and for all fiscal years thereafter, monies remaining after payment of servicing the State Dock's bonds, or any anticipated deficiencies in operating the docks shall be distributed as follows:

\$300,000	Alabama Mining Academy
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60% transferred by Department of Revenue to the general fund of the county of severance based on the ratio of the \$0.135 per ton coal severance tax collections from within the county to the total coal severance tax collections, except those sent to the Walker County Economic and Industrial Development Authority. Provided, however, the distribution to the Jefferson County General Fund shall be \$500,000.

In addition:

\$100,000	Community Development Foundation, Inc.
\$50,000	Marion County Community Development Association, Inc.
\$50,000	West Alabama Development Association of Fayette County
\$100,000	West Alabama Economic Development Association
\$100,000	Winston County General Fund
Remainder	General Fund

Section 40-13-32, Code of Alabama 1975.

The \$.20 per ton levy is distributed to the counties and municipalities where the coal is severed.

### ***Contractors Gross Receipts Tax***

#### **Authority**

Section 40-23-50, Code of Alabama 1975.

#### **Basis**

Engaging in the business of contracting to construct, reconstruct or build any public highway, road, bridge, or street within the state.

#### **Rate**

5% of gross receipts.

#### **Payment**

File and remit tax by the 20th of each month with the Alabama Department of Revenue, Sales and Use Tax Division, for the previous month's receipts.

#### **Distribution**

85% – Special Mental Health Fund

15% – Pensions and Security Trust Fund

### ***Corporate Income Tax***

#### **Authority**

Sections 40-18-1 through 40-18-59 and 40-18-160 through 40-18-176, Code of Alabama 1975.

Sections 40-27-1 through 40-27-6, Code of Alabama 1975.

#### **Basis**

Corporations – Net taxable income from business within the state.

For tax years beginning on or after January 1, 2011, Alabama income is determined by a four-factor apportionment formula (property, payroll, and twice the sales factor).

#### **Constitutional Provisions**

Amendment No. 212 to the Constitution of Alabama of 1901 (proclaimed ratified December 18, 1963) increased allowable maximum corporate income tax rate to 5%, with deduction allowed for all federal income taxes paid. Taxes due by foreign corporations are to be based on income derived from sources within Alabama. (Further amended by Amendment No. 662.)

Amendment No. 662 to the Constitution of Alabama of 1901 (proclaimed ratified June 19, 2000) increased the corporate income tax rate to 6.5% beginning in calendar year 2001.

#### **Rate**

6.5% of annual net income with a deduction allowed for federal income tax paid or accrued.

#### **Payment**

Return and tax are due by March 15, or the 15th day of the third month after the end of fiscal year.

Corporations with an anticipated tax liability of \$500 or more shall file and pay estimates on a quarterly basis by April 15, or by the 15th day of the fourth month of the fiscal year.

The second, third, and fourth installments are due and payable on the 15th day of the sixth, ninth, and twelfth months of the fiscal year.

Quarterly estimates and payments shall equal at least 100% of the estimated tax.

Corporations file Form 20C with the Alabama Department of Revenue, Individual and Corporate Tax Division.

S corporation: Any corporation (except financial institutions) filing as a federal S corporation must file as an Alabama S corporation. Use Form 20S. Return and any tax due should be remitted on or before the 15th day of third month following close of accounting period. Any S corporation with nonresident shareholders who have not executed a Nonresident Agreement must pay the nonresident shareholders' tax. Use Form PTE-C. Form and any tax due should be remitted on or before the 15th day of the third month following close of S corporation accounting period. File with the Alabama Department of Revenue, Individual and Corporate Tax Division.

### **Distribution**

Education Trust Fund

### ***Deeds and Assignments***

#### **Authority**

Sections 40-10-1 through 40-10-143, Code of Alabama 1975.  
(Sale of real property because of property tax delinquency.)

#### **Basis**

Voluntary payment by interested parties upon their purchase of the state's (which included the delinquent tax of all jurisdictions, plus all fees, interest, etc.) interest in real property which was acquired pursuant to judicial sale for non-payment of property tax.

Rate Sale amount is the accumulated delinquent tax (on the same basis as general property taxes), fees, and costs incurred in the sale to the state and interest on the taxes, fees, and costs at 12% per year from the date of delinquency.

#### **Payment**

Applications to purchase the state's interest in tax-delinquent property are accepted by the State Land Agent in the Property Tax Division. The applicant is then quoted the amount necessary to acquire the state's interest. Upon remittance of the appropriate amount, the purchaser will either be assigned the Certificate of Sale held by the state or be given a tax deed to the property, depending on whether the administrative redemption period has expired.

### **Distribution**

All property taxing jurisdictions receive their proportional share of the taxes and interest on the taxes. Fees, and interest on the fees, are received by the official who levied the fee. Costs, and interest on the costs, are deposited in the General Fund.

### ***Dry Cleaning Environmental Response Trust Fund Fee***

#### **Authority**

Section 22-30D-1 through 22-30D-12, Code of Alabama 1975.

#### **Basis**

Voluntary payment by dry cleaning owners or operators, wholesale distributors selling dry cleaning agents, owners of abandoned dry cleaning facilities, and impacted third parties to a trust fund benefiting a dry cleaning industry self insurance program to cover the costs of investigating, assessing and remediating dry cleaning contamination.

#### **Rate**

Dry cleaning owners or operators who establish a new dry cleaning facility shall pay a one-time registration fee equal to \$5,000 for the first year of operation, and for the second year of operation, shall pay an annual registration fee equal to the greater of \$5,000 or 2% of the gross receipts earned the prior year. For each year thereafter, the new owner or operator shall pay an annual registration fee equal to 2% of the gross receipts earned in the state during the prior calendar year, not to exceed a total of \$25,000 per year.

Dry cleaning owners or operators, who acquire an existing dry cleaning facility, shall pay an annual registration fee equal to 2% of the gross receipts earned in the state by the prior owner or operator during the prior calendar year, not to exceed a total of \$25,000 per year.

Wholesale distributors, annual registration fee of \$5,000.

Abandoned dry cleaning facility owners and impacted third parties, registration fee equal to \$5,000 per year per site.

### **Payment**

Dry cleaning owners or operators -- file return on or before April 19, annually, to the Alabama Department of Revenue, Sales and Use Tax Division. Payments due in one-fourth increments on April 1, July 1, October 1, and January 1, becoming delinquent on the 20th day of each said month.

Wholesale distributors -- return and annual fee due April 1, becoming delinquent on the 20th day of April.

Abandoned dry cleaning facility owners and impacted third parties April 1, becoming delinquent on the 20<sup>th</sup> day of April.

### **Distribution**

Alabama Dry Cleaning Environmental Response Trust Fund.

### ***Estate Tax***

Estate Tax in Alabama is linked, constitutionally, to the Federal Estate Tax. The federal Economic Growth and Tax Relief Reconciliation Act of 2001 mandated the phase out of the "Credit for State Death Taxes" on federal Estate Tax Return (Form 706). This is the amount that Alabama collected as Estate Tax. Because of this mandated phase out, decedents who die after 12/31/2004 have no Estate Tax liability to the State of Alabama and are not required to file an Estate Tax Return with the State of Alabama.

### ***Fiduciary Income Tax***

#### **Authority**

Section 40-18-25, Code of Alabama 1975.

#### **Basis**

Taxable net income earned from all sources by resident estates or trusts. Income with business situs in Alabama, or from real property located in Alabama by non-resident trusts and estates.

#### **Rate**

When adjusted gross income is \$1,500 or more; 2% on the first \$500 of taxable income, 4% on the next \$2,500, and 5% on all over \$3,000.

#### **Payment**

Returns filed with Alabama Department of Revenue, Individual and Corporate Tax Division, by April 15, except when filed on fiscal year basis which are due 105 days after the close of the fiscal year. Estimated payments are not required by law.

#### **Exemption**

Exemption credit of \$1,500 on net income.

#### **Distribution**

Education Trust Fund

### ***Financial Institutions' Excise Tax***

#### **Authority**



Sections 40-16-1 through 40-16-8, Code of Alabama 1975.

**Basis**

Excise tax measured by net income of bank, banking association, trust company, credit card company, building, and loan association, industrial or other loan company doing business in Alabama. For tax years beginning after December 31, 1999, multistate corporations shall allocate and apportion income to the state of Alabama.

**Rate**

6.5% of taxable income.

**Payment**

File Form ET-1 with the Alabama Department of Revenue, Individual and Corporate Tax Section, by April 15.

**Distribution**

25% – General Fund

25% – counties of origin

50% – cities of origin

***Forest Products' Severance Tax***

**Authority**

Sections 9-13-80 through 9-13-108, Code of Alabama 1975.

**Basis**

Severing timber or other forest products for sale, profit, or commercial use.

**Rate**

Pine lumber \$.50/1000' bd. meas.

Pine logs \$.75/1000' log scale or \$.10/ton

Hardwood lumber \$.30/1000' bd. meas.

Hardwood logs \$.50/1000' log scale or \$.065/ton

Pulpwood, chemical wood, bolts \$.25/cord or \$.10/ton

Crossties \$.015/piece or \$.15/ton

Switch ties \$.025/piece or \$.17/ton

Mine ties and coal mine props \$.125/100 pcs. or \$.15/ton

Pine ore mine props \$.75/1000 log scale or \$.15/ton

Hardwood ore \$.50/1000 log scale, \$3.125/m lineal mine props ft. or \$.15/ton

Piling and poles \$1.875/1000' bd. measure or \$.205/ton

Turpentine (crude gum) \$.15/400 lb. bbl.

Stumpwood (tarwood) \$.125/ton

Pulpwood chips \$.25/190 cubic feet or \$.10/ton

There is also a privilege tax of 50% of the severance tax above, against processors of forest products and manufacturers using forest products.

**Payment**

File with the Alabama Department of Revenue, Business & License Tax Division, Severance and License Section, within 30 days after the expiration of each quarterly period during the calendar year.

**Distribution**

State Forestry Commission – Special State Forestry Fund.

***Freight Line Equipment Companies Tax*****Authority**

Section 40-21-52, Code of Alabama 1975, as limited by U.S. Congress Railroad Revitalization and Regulatory Reform Act.

**Basis**

Reasonable value (allocated on a mileage basis) of private railroad cars operated, rented, or leased in this state for the transportation of freight.

**Rate**

3-1/2% of 20% of the market value of the number of cars within the state during the preceding fiscal year.

**Payment**

File Form U3-1 with the Alabama Department of Revenue, Property Tax Division, Utilities Section, by March 1. Tax liability established by the Property Tax Division and payable within 30 days of prescribed date, unless appealed by taxpayer.

**Distribution**

General Fund

***Gasoline and Diesel Fuel Taxes*****Authority**

Sections 40-17-320 through 40-17-363, Code of Alabama 1975.

**Basis**

Gasoline and diesel fuel sold at the terminal rack or imported into Alabama.

**Rate**

Gasoline:       \$.16 per gal. Sec. 40-17-325(a)(1)  
                      (Comprised of \$.07, \$.05 and \$.04 levies)

Diesel Fuel:   \$.19 per gal. Sec. 40-17-325(a)(2)  
                      (Comprised of \$.13 and \$.06 levies)

**Exemption**

Section 40-17-329 exempts the following:

- (1) All motor fuel exported from this state for which proof of export is available in the form of a terminal issued destination state shipping document that is (a) exported by a supplier who is licensed in the destination state or (b) is sold by a supplier to a licensed exporter for immediate export to a state for which the applicable destination state motor fuel excise tax has been collected by the supplier who is licensed to remit the tax to the destination state. This exemption shall not apply to any motor fuel which is transported and delivered outside this state in the motor fuel supply tank of a highway vehicle.
- (2) All sales of dyed diesel fuel.
- (3) Gasoline blendstocks when sold to (a) a licensed supplier or (b) a person who will not be using the blendstocks in the manufacture of gasoline or as a motor fuel, as evidenced by the exemption certificate prescribed under regulations promulgated under Section 4081, Title 26 of the United States Code.

- (4) All motor fuel sold by a licensed supplier or licensed permissive supplier to an exempt agency electing to be licensed under Section 40-17-332.
- (5) Motor fuel that is delivered by a licensed supplier from one terminal to another terminal when ownership in the motor fuel has not changed, or by a licensed supplier from a terminal to a refinery operated by the licensed supplier.
- (6) Aviation jet fuel sold by a licensed supplier to an air carrier that purchases jet fuel in a Foreign Trade Zone located within this state and uses the jet fuel to propel aircraft powered by jet or turbine engines operated in scheduled all-cargo operations being conducted on international flights or in international commerce.
- (7) Having first paid the tax to its vendor, the entities listed below shall have the right to apply to the department for a refund on a quarterly basis for any purchases of motor fuel. (Note: These entities that have a Motor Fuel Exemption License may purchase tax-free from a licensed distributor or through a credit card issuer.)

The United States government or any agency thereof.

Any county governing body of this state.

Any incorporated municipal governing body of this state.

City and county boards of education of this state.

The Alabama Institute for Deaf and Blind, the Department of Youth Services school district, and private and church school systems as defined in Section 16-28-1, and which offer essentially the same curriculum as offered in grades K-12 in the public schools of this state.

Certain counties and cities levy additional gasoline and diesel fuels taxes ranging from \$.005 to \$.05 per gallon.

## **Payment**

File and remit by the 22nd day of the month following the month of sale or other activity to the Alabama Department of Revenue, Business & License Tax Division, Motor Fuels Section.

## **Distribution**

Gasoline – 1.23% of the \$.12 levy goes to the Conservation Department.

35% of 1% of the \$.12 levy is credited to the Water Safety Fund and the Seafood Fund.

70% of 1% of the \$.12 levy is credited to the Game and Fish Fund.

18% of 1% of the \$.12 levy is credited to the Water Safety Fund and the Seafood Fund.

60% of the \$.05 supplemental tax goes to the State Road and Bridge Fund.

Remaining 40% is distributed according to the 45%/55% pattern below.

The balance of the \$.12 levy and the entire \$.04 gasoline levy are distributed as follows:

(1) 45% to the State Road & Bridge Fund. The distributions to the Game and Fish Fund (70%) and the distributions to the Water Safety Fund and the Seafood Fund (18%) are deducted from the State Road and Bridge Fund.

(2) 55% to be shared by the counties and their municipalities as follows:

(a) 25% of the net tax proceeds are distributed equally to the 67 counties;

(b) 30% of the net tax proceeds are allocated to the 67 counties based on population.

1. 10% of the counties' share received shall be allocated to each municipality therein, based on a population ratio.

2. Remaining portion to the county.

Motor Fuels – The \$.13 and \$.06 levies are distributed as follows:

\$.13 to Department of Transportation

\$.06 as follows:

.93% of net collections is allocated among the incorporated municipalities of the state and distributed as provided in Section 8-17-91(a)(2)c.

4.69% distributed equally among each of the 67 counties of the state monthly.

Balance paid to the State Treasury to be used for highway purposes by the State Department of Transportation.

## ***Hazardous Waste Fee***

### **Authority**

Sections 22-30B-1 through 22-30B-20, Code of Alabama 1975.

### **Basis**

Fee on operators of commercial sites for the disposal of hazardous waste or hazardous substance for each ton of waste or substance received for disposal at such sites.

### **Rates at the commercial facility located at Emelle, Alabama:**

\$21.60/ton: waste listed under Section 3001 of the RCRA of 1976 as amended and “PCB” waste

\$83.60/ton: acute hazardous waste listed in 40 CFR 261.33(e) and having an EPA hazardous waste number designation beginning with letter “P”

\$46.60/ton: toxic hazardous waste listed in 40 CFR 261.33(f) and having a waste number designation beginning with letter “U”

\$11.60/ton: emission control dust/sludge from the primary production of steel in electric arc furnaces and any hazardous waste that is de-characterized and rendered non-hazardous.

\$11.60/ton: all other waste

\$1.00/ton: additional fee on all wastes or substances

In addition to the above fees, \$2.40 per ton is collected by counties with hazardous waste facilities. Sumter County also levies \$2.00 per drum or \$5.00 per ton on waste disposed of at the Emelle disposal facility.

### **Distribution**

Fee	County	State	
\$ 21.60 / t	\$0.15 / t	\$ 21.45 / t	\$500,000 General Fund and ALERT Fund
83.60 / t	1.70 / t	81.90 / t	General Fund
46.60 / t	.775 / t	45.825 / t	General Fund
11.60 / t			General Fund and ADEM
11.60 / t			General Fund
1.00 / t			Hazardous Waste Substance Cleanup Fund

### **Rates at all facilities, except the Emelle, Alabama location:**

\$ 41.60/ton: waste listed under Section 3001 of the RCRA of 1976 as amended and “PCB” waste

\$103.60/ton: acute hazardous waste listed in 40 CFR 261.33(e) and having an EPA hazardous waste number designation beginning with letter “P”

\$ 66.60/ton: toxic hazardous waste listed in 40 CFR 261.33(f) and having a waste number designation beginning with letter “U”

\$11.60/ton: emission control dust/sludge from the primary production of steel in electric arc furnaces and any hazardous waste that is de-characterized and rendered non-hazardous.

\$ 11.60/ton: all other waste

\$ 1.00/ton: additional fee on all wastes or substances

In addition to the above fees, \$2.40 per ton is collected by counties with hazardous waste facilities. Sumter County also levies \$2.00 per drum or \$5.00 per ton on waste disposed of at the Emelle disposal facility.

**Distribution**

Fee	County	State	
\$ 41.60 / t	\$0.65 / t	\$ 40.95 / t	\$500,000 General Fund and ALERT Fund
103.60 / t	2.20 / t	101.40 / t	General Fund
66.60 / t	1.275 / t	65.325 / t	General Fund
11.60 / t			General Fund and ADEM
11.60 / t			General Fund
1.00 / t			Hazardous Waste Substance Cleanup Fund

**Payment**

State Fee – File and remit to the Alabama Department of Revenue, Business & License Tax Division, Tobacco Tax Section. Payment is due by the 30th of the month following receipt of hazardous waste or substance for disposal.

County Fee – File and/or remit the county fees to the county in which the site is located.

***Hospital Assessment for Medicaid Tax*****Authority**

Sections 40-26B-72 and 40-2A-7(a) (5), Code of Alabama 1975.

**Basis**

Privately operated hospitals in the state of Alabama that are funded through the Alabama Medicaid program are taxed according to their net patient revenue. The assessment is a cost of doing business as a privately operated hospital in the State of Alabama

**Rate**

5.14% of the hospital's net patient revenue.

**Payment**

Assessment amounts are to be paid in equal quarterly installments by the tenth working day of each quarter of the state's 2012 and 2013 fiscal years. This program will end after the final payment date of July 2013, unless extended by act of the legislature.

**Distribution**

Alabama Medicaid Agency

***Hydroelectric KWH Tax*****Authority**

Section 40-21-56, Code of Alabama 1975.

**Basis**

Privilege tax on the manufacture and sale of hydroelectric power within Alabama.

**Rate**

2/5 mill on each kilowatt hour of hydroelectric power manufactured and sold.

**Payment**

Pay by September 25 on power sold during prior calendar year. File Form FT: 5-4 with the Alabama Department of Revenue, Sales and Use Tax Division.

**Distribution**

58% – Special Mental Health Fund

42% – Education Trust Fund

***Illegal Drug Tax*****Authority**

Sections 40-17A-1 through 40-17A-16, Code of Alabama 1975.

**Basis**

Excise tax on illegal possession, distribution, sales, use, and other transactions involving certain drugs or controlled substances.

**Rate**

		<u>Cost Per Stamp</u>
Grams Marijuana	Controlled Substance by Weight	
1 \$ 3.50		\$ 200
5 \$17.50		\$1,000
10 \$35.00		\$2,000
20 \$70.00		\$4,000

  

		<u>Cost Per Stamp</u>
Dosage Units	Controlled Substance Not by Weight	
50		\$ 2,000
100		\$ 4,000
500		\$20,000
1,000		\$40,000

**Payment**

Forms for the purchase of stamps may be obtained from any Alabama Department of Revenue Taxpayer Service Center.

Stamps may be obtained from the Investigations Division located in Montgomery.

Mail orders:

R.I.D.S.

1021 Madison Avenue

Montgomery, AL 36132

**Distribution**

General Fund

***Income Tax Withholding*****Authority**

Sections 40-18-70 through 40-18-91, Code of Alabama 1975.

This is a component of Individual Income Tax.

**Basis**

Wages as defined under laws of the United States in effect July 1, 1982, reduced by optional standard deduction provided by Section 40-18-15, Code of Alabama 1975, federal income tax liability, and personal and dependent exemption granted under Section 40-18-19.

**Rate**

Persons claiming single or zero exemption: 2% on first \$500 of taxable wages, 4% on next \$2,500, and 5% on all over \$3,000.

Persons claiming married exemption: 2% on first \$1,000 of taxable wages, 4% on next \$5,000, and 5% on all over \$6,000.

**Payment**

All employers file Form A-1 by the last day of month following close of each quarter.

Employers who withhold \$1,000 or more during first or second months of quarter should file Form A-6 by the 15th of the month following the month in which \$1,000 or more is withheld with the Alabama Department of Revenue, Individual and Corporate Tax Division.

**Distribution**

See Individual Income Tax.

***Individual Income Tax*****Authority**

Sections 40-18-1 through 40-18-30 and 40-18-40 through 40-18-59, Code of Alabama 1975.

**Basis**

Taxable net income earned from all sources by residents.

**Constitutional Provisions**

Amendment No. 25 to the Constitution of Alabama of 1901 (proclaimed ratified August 2, 1933) authorized the legislature to levy and collect taxes on taxable, individual income at a rate not to exceed 5%.

It further provides for minimum personal exemptions of \$1,500 for single taxpayers, \$3,000 for joint filers; and, a minimum dependent exemption of \$300 for each dependent.

Amendment No. 61 to the Constitution of Alabama of 1901 (proclaimed ratified September 11, 1947) provided for distribution of income tax receipts to (1) replace revenue lost to the funds affected by the state homestead exemption; and (2) the Education Trust Fund to be used only for the payment of public school teachers' salaries.

Amendment No. 225 to the Constitution of Alabama of 1901 (proclaimed ratified December 13, 1965) provided deduction for federal income taxes paid by individual taxpayers.

**Rate**

Single persons with adjusted gross income of \$4,000, head of family with adjusted gross income of \$7,700, and married persons filing separate returns with adjusted gross income of \$5,250 or more; 2% on first \$500 of taxable income, 4% on next \$2,500, and 5% on all over \$3,000.

Married persons filing a joint return with adjusted gross income of \$10,500 or more; 2% on first \$1,000, 4% on next \$5,000, and 5% on all over \$6,000.

**Payment**

Taxpayers that reasonably expect to owe \$500 or more shall file and pay estimated tax quarterly and must remit one-fourth of the estimated amount due on the 15th of April, June, September, and January.

Returns filed with Alabama Department of Revenue, Individual and Corporate Tax Division, by April 15, except if fiscal year basis, which is due 105 days after close of fiscal year.

Individuals who have a balance due after credit is allowed for payments on an estimate and tax withheld must remit payment when returns are filed.

**Deduction**

The standard deduction is based on the filing status and the adjusted gross income.

Married Filing Joint			Married Filing Separate		
Alabama AGI		Standard Deduction	Alabama AGI		Standard Deduction
0	20,499	7,500	0	10,249	3,750
20,500	20,999	7,325	10,250	10,499	3,662
21,000	21,499	7,150	10,500	10,749	3,574
21,500	21,999	6,975	10,750	10,999	3,486
22,000	22,499	6,800	11,000	11,249	3,398
22,500	22,999	6,625	11,250	11,499	3,310
23,000	23,499	6,450	11,500	11,749	3,222
23,500	23,999	6,275	11,750	11,999	3,134
24,000	24,499	6,100	12,000	12,249	3,046
24,500	24,999	5,925	12,250	12,499	2,958
25,000	25,499	5,750	12,500	12,749	2,870
25,500	25,999	5,575	12,750	12,999	2,782
26,000	26,499	5,400	13,000	13,249	2,694
26,500	26,999	5,225	13,250	13,499	2,606
27,000	27,499	5,050	13,500	13,749	2,518
27,500	27,999	4,875	13,750	13,999	2,430
28,000	28,499	4,700	14,000	14,249	2,342
28,500	28,999	4,525	14,250	14,499	2,254
29,000	29,499	4,350	14,500	14,749	2,166
29,500	29,999	4,175	14,750	14,999	2,078
30,000 and over		4,000	15,000 and over		2,000

Head of Family			Single		
Alabama AGI		Standard Deduction	Alabama AGI		Standard Deduction
0	20,499	4,700	0	20,499	2,500
20,500	20,999	4,565	20,500	20,999	2,475
21,000	21,499	4,430	21,000	21,499	2,450
21,500	21,999	4,295	21,500	21,999	2,425
22,000	22,499	4,160	22,000	22,499	2,400
22,500	22,999	4,025	22,500	22,999	2,375
23,000	23,499	3,890	23,000	23,499	2,350
23,500	23,999	3,755	23,500	23,999	2,325
24,000	24,499	3,620	24,000	24,499	2,300
24,500	24,999	3,485	24,500	24,999	2,275
25,000	25,499	3,350	25,000	25,499	2,250
25,500	25,999	3,215	25,500	25,999	2,225
26,000	26,499	3,080	26,000	26,499	2,200
26,500	26,999	2,945	26,500	26,999	2,175
27,000	27,499	2,810	27,000	27,499	2,150
27,500	27,999	2,675	27,500	27,999	2,125
28,000	28,499	2,540	28,000	28,499	2,100
28,500	28,999	2,405	28,500	28,999	2,075
29,000	29,499	2,270	29,000	29,499	2,050
29,500	29,999	2,135	29,500	29,999	2,025
30,000 and over		2,000	30,000 and over		2,000

## Exemption

Single or married person filing a separate return – \$1,500.

Married persons filing a joint return and head of family – \$3,000.

Dependents – \$1,000 each for adjusted gross income \$20,000 and under, \$500 each if adjusted gross is \$20,001 but under \$100,000 and \$300 each if adjusted gross income is over \$100,000.



**Distribution**

Replaces state property tax lost due to the homestead exemption; remainder to Education Trust Fund.

***Insurance Premiums Tax*****Authority**

Sections 27-4A-1 through 27-4A-7, Code of Alabama 1975.

**Basis**

Transaction of insurance business in the state.

**Rate**

Fire and Casualty – 3.6% of gross premiums less returned premiums and prescribed dividends.

Wet or Ocean Marine Tax – 3/4% of 1% of the gross underwriting profit.

Life – 2.3% of premiums on policies with face amount greater than \$25,000; 1% on policies less than \$25,000.

Health – 0.5% of premiums on group plans with less than 50 participants; 1.6% on all other health premiums.

**Payment**

Obtain forms from Insurance Department. File and remit quarterly to the Insurance Department on the following dates: May 15, August 15, November 15, and March 1 of the following year.

***International Fuel Tax Agreement*****Authority**

Sections 40-17-150 and 40-17-270 through 40-17-275, Code of Alabama 1975.

**Basis**

Every motor carrier who operates on any highway in Alabama a motor vehicle designed, used, or maintained for transportation of persons or property, except recreational vehicles, and which meets any of the following: a. has two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; b. has three or more axles regardless of weight; c. and is used in combination, when the weight of the combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle or registered gross vehicle weight; shall be subject to this tax. Motor carriers with motor vehicles which are operated or caused to be operated wholly within Alabama are exempt from this tax.

**Rate**

Any motor carrier meeting the above requirements shall pay an annual fee per vehicle to obtain identification markers. The fee for the decals is \$17.00 per set.

Excise tax upon motor fuels used in the operation of a motor carrier in Alabama shall be at the same rate per gallon as currently in effect for the classification of fuels, defined in Section 40-17-140, (gasoline \$0.16 and motor fuels \$0.19).

**Payment**

Every motor carrier must electronically file IFTA quarterly tax returns with the Alabama Department of Revenue, Motor Vehicle Division, before the last day of April, July, October, and January. Payments of \$750 or more must be remitted electronically.

**Distribution**

That portion of revenues attributable to gasoline taxes shall be distributed in the manner prescribed for gasoline taxes levied under Sections 40-17-31 and 40-17-220.

That portion of revenues attributable to motor fuel (diesel) taxes shall be distributed in the manner prescribed for motor fuel (diesel) taxes levied under Sections 40-17-2 and 40-17-220.

(See Motor Carrier Fuel Tax.)

### ***International Registration Plan***

#### **Authority**

Section 32-6-56, Code of Alabama 1975.

#### **Basis**

Motor carriers operating in interstate commerce with a qualified motor vehicle. A qualified motor vehicle is one which has two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or has three or more axles regardless of weight; or is used in combination, when the weight of the combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle or registered gross vehicle weight. Registrants are issued an apportioned license plate and a cab card.

#### **Rate**

Registration fees are dependent on mileage traveled in IRP member jurisdictions, the fee structure of the member jurisdictions and the number of months the vehicle(s) is to be registered.

#### **Payment**

Registrations are renewed on a staggered basis from January through November. Payments of \$750 or more must be remitted electronically.

#### **Distribution**

##### Base amount:

72% – Road and Bridge Fund

21% – city or county of residence

7% – counties and cities

##### Additional amount:

64.75% – Road and Bridge Fund

35.25% – counties

### ***Iron Ore Severance Tax***

#### **Authority**

Section 40-12-128, Code of Alabama 1975.

#### **Basis**

Privilege tax levied on every person mining iron ore in Alabama.

#### **Rate**

\$.03 per ton of 2240 pounds

#### **Payment**

File with the Alabama Department of Revenue, Business & License Tax Division, Severance and License Section, within 20 days after the end of each calendar month for the previous month's operations.

#### **Distribution**

Education Trust Fund.

### ***Local Solid Minerals Taxes***

#### **Authority**

Coosa County                      Act 99-544

Jackson County        Acts 79-349 and 97-220  
Marshall County      Act 81-482

### **Basis**

Coosa County levies a tax on sand, clay, silt, loam, dirt, gravel, rock, sand-gravel, and sand-clay. Jackson and Marshall Counties levy a tax on coal severed within their counties.

### **Rate**

\$.25 per ton    (Coosa County)  
\$.20 per ton    (Jackson and Marshall Counties)

### **Payment**

File with the Alabama Department of Revenue, Business & License Tax Division, Severance and License Section, within 20 days after the end of each calendar month for the previous month's operations.

## ***Lodgings Tax***

### **Authority**

Section 40-26-1 through 40-26-21, Code of Alabama 1975.

### **Basis**

Renting rooms, lodgings, or accommodations to transients in any hotel, motel, inn, tourist camp, or cabin, except where accommodations are furnished for a period of 180 continuous days or more.

### **Rate**

5% in the following counties:

Blount, DeKalb, Lauderdale, Marion, Cherokee, Etowah, Lawrence, Marshall, Colbert, Franklin, Limestone, Morgan, Cullman, Jackson, Madison and Winston

4% in all other counties:

In addition to the above, several counties and municipalities levy local lodgings taxes, ranging in rate between 1% and 8-1/2%. Some of the local lodgings taxes are collected by the Department of Revenue and others are self-administered.

### **Payment**

File return and remit tax to the Alabama Department of Revenue, Sales and Use Tax Division, and to the proper local authority, by the 20th of month for the preceding month's liability.

### **Distribution**

4% tax:

75% – General Fund

25% – Bureau of Tourism and Travel

1% tax:

Special levy for Mountain Lakes Counties

## ***Lubricating Oils Tax***

### **Authority**

Sections 40-17-170 through 40-17-186; 40-17-220 through 40-17-225; 40-17-240 and 40-17-250, Code of Alabama 1975.

### **Basis**

Selling, distributing, or withdrawing from storage in Alabama, for any use, lubricating oils or greases (does not include products commercially known as "fuel oils" or "crude oil.")

**Rate**

\$ .02 per gal. levied under Sec. 40-17-171.

\$ .04 per gal levied under Sec. 40-17-220.

\$ .06 per gal. total

(Eight pounds of grease equals one gallon.)

**Exemption**

The U.S. Government, governing bodies of counties and incorporated municipalities, city and county boards of education, the Alabama Institute for Deaf and Blind, the Department of Youth Services school district, and private and church schools as defined in Section 16-28-1 are exempt from the \$.02/gallon tax levied under Section 40-17-171.

Governing bodies of counties and incorporated municipalities, U.S. Government, sales for use in off-road vehicles, aircraft, ships, vessels, barges, railroad locomotives, and equipment and lubricating products sold for agricultural purposes are specifically exempt from the \$.04/gallon tax levied under Section 40-17-220.

**Payment**

File and remit to the Alabama Department of Revenue, Business & License Tax Division, Motor Fuels Section, by 20th of month following month of transaction.

**Distribution**

\$ .02 revenues – General Fund

\$ .04 revenues:

45% – State Road & Bridge Fund

55% – to be shared by the counties and their municipalities as follows:

(a) 25% of the net tax is distributed equally to the 67 counties;

(b) 30% of the net tax is allocated to the 67 counties based on population.

1. 10% of county's share received shall be allocated to each municipality therein, based on a population ratio.

2. Remaining portion to the county.

***Mandatory Liability Insurance (MLI)*****Authority**

Sections 32-7A-1 through 32-7A-25, Code of Alabama 1975.

**Basis**

No person shall operate, register, or maintain registration of, and no owner shall permit another person to operate, register, or maintain registration of, a motor vehicle designed to be used on a public highway unless the motor vehicle is covered by a liability insurance policy, motor vehicle liability bond, or deposit of cash. The insurance policy must provide a minimum of \$25,000 for bodily injury/death liability for one person in an accident, \$50,000 for all injuries/deaths in an accident, and \$25,000 for property damage in an accident in accordance with Section 32-7-6, Code of Alabama 1975. The policy must be issued by an insurance company qualified to issue motor vehicle liability insurance in Alabama.

**Rate**

If it is determined that a vehicle was not insured in accordance with the MLI law, the department will suspend the vehicle tag registration. The registration reinstatement fee will be \$200 for the first suspension, and the owner will be required to provide proof of current liability insurance. For subsequent registration reinstatements, the fee will be \$400 after the owner has served a four month suspension and upon presentation of proof of current liability insurance.

**Payment**

If, a registration reinstatement fee is due from a registrant, as detailed above, the registrant may pay the reinstatement fee directly to the Department of Revenue, at their county licensing official's office, with the Administrative Office of Courts, or the circuit clerk of any county.

**Distribution**

A portion of the fees collected in accordance with the MLI law is used by the department exclusively for the operation and management of the mandatory liability insurance law. Fifteen percent (15%) of the net proceeds of reinstatement fees received by the department is deposited by the department into the Alabama Peace Officers' Annuity and Benefit Fund, as authorized by Section 36-21-66. After the payment of the expenses, the remaining funds are deposited into the General Fund.

If the fees are collected by the vehicle owner's county license plate issuing official, the Administrative Office of Courts, or the circuit clerk of any county, these entities will remit the fee, less retained fees, as prescribed by statute, to the department.

***Manufactured Home Certificate of Title Fee*****Authority**

Sections 32-20-1 through 32-20-48, Code of Alabama 1975.

**Basis**

Fee required of owners of manufactured homes designated not more than twenty model years old:

Each application for first certificate of title	\$20*
Each application for transfer of certificate of title	\$20*
Each application for cancellation of a certificate of origin or certificate of title	\$20*
Each application for replacement certificate of title	\$15
Each notice of security interest	\$15
Each assignment by lien holder	\$15
Each title history	\$15
Each application for corrected title	\$15
Each title printout	\$ 5*

**Payment**

Application and fee forwarded to the Alabama Department of Revenue by designated agents of the department.

Designated agents are all county officials in Alabama who are authorized and required by law to issue motor vehicle license plates, licensed manufactured home dealers, and financial institutions that qualify.

**Distribution**

General Fund

\*\$5 of each fee is designated to go to the nonprofit 501(c)3 foundation known as the Alabama Housing Foundation.

***Manufactured Home Registration Fee*****Authority**

Sections 40-7-1, 40-8-1, 40-11-1, 40-12-252, and 40-12-255, Code of Alabama 1975.

**Basis**

Registration fee in lieu of property taxes on manufactured homes in Alabama which are rented or leased or located on land owned by someone other than the owner of the manufactured home. (An owner-occupied manufactured home located on land owned by the occupant is subject to property taxes.)

A decal is displayed on each unit and serves as proof of payment of the fee due. Dealer or manufacturer inventory units are not subject to the registration fee.

### **Rate**

#### Owner-occupied:

\$24.00 single wide (one transportable module)

\$48.00 double wide (two or more transportable modules)

#### All others:

\$48.00 single wide (one transportable module)

\$96.00 double wide (two or more transportable modules).

Manufactured homes ten years or older shall be subject to 75% of the fees above, while those 20 years or older shall be subject to 50% of the fees above.

Additionally, each manufactured home registered is subject to a \$5.00 issuance fee at the time of registration.

### **Payment**

Registration and payment will take place in the county in which the manufactured home is customarily located.

Decals will be issued by the county official that collects property tax on manufactured homes.

Fees are due October 1 each year and will be considered delinquent after November 30.

### **Distribution**

#### Registration Fee

State General Fund – 25%

County General Fund – 25%

County School Board – 25%, unless the manufactured home is located within the city school district, in which case this portion will go to the city school board.

City or municipality where the manufactured home is located – 25%.

Should the manufactured home be located outside the corporate limits of the nearest city or municipality, then this portion will go to the County General Fund.

#### Issuance Fee

An additional \$5.00 issuance fee is charged by the issuing official.

### ***Mineral Documentary Tax***

#### **Authority**

Sections 40-20-30 through 40-20-37, Code of Alabama 1975.

#### **Basis**

Filing and recording any instrument creating a leasehold interest in any non-producing oil, gas, or other similar mineral interest in Alabama and upon every deed, instrument, transfer, or evidence of sale conveying interest or right to receive royalties from such property.

#### **Rate**

Minimum fee – \$1.00

Term of leasehold less than 10 years – \$.05 per mineral or royalty acre.

Term of leasehold more than 10 but less than 20 years – \$.10 per mineral or royalty acre.

Term of leasehold greater than 20 years – \$.15 per mineral or royalty acre.

**Payment**

Paid one time to probate judge of county containing property upon filing instrument of record, in lieu of payment of property tax.

**Distribution**

35% – County General Fund

35% – County Public School Fund

30% – State General Fund

***Mobile Communication Services Tax*****Authority**

Section 40-21-120 through 40-21-125, Code of Alabama 1975.

**Basis**

Privilege tax on providing mobile telecommunication services in Alabama.

**Rate**

6% on monthly recurring access charges and all airtime charges.

**Payment**

File return and remit tax by the 20th of each month to the Alabama Department of Revenue, Sales and Use Tax Division, for the preceding month's liability.

Taxpayers with an average monthly tax liability of \$10,000 or more during the preceding calendar year shall pay, by the 20th of the month in which the liability occurs, an estimated amount not less than the actual tax liability for the same month during the preceding year.

**Distribution**

Amount to be appropriated for use by the State Treasurer to pay at the respective maturities of the principal and interest due in the fiscal year on the outstanding bonds issued by the Alabama Revolving Loan Fund Authority.

One-third of the remaining proceeds, plus \$1.5 million to the Education Trust Fund.

The residual balance thereof remaining to the State General Fund.

***Motor Carrier Mileage Tax*****Authority**

Sections 40-19-1 through 40-19-17, Code of Alabama 1975.

**Basis**

Motor carrier hired for transportation of persons or property on the highways of Alabama.

**Rate****Seating Capacity Tax Rate:**

Not less than nine nor more than 16: 1/4 cents per mile

17–21: 1/2 cents per mile

22–25: 3/4 cents per mile

Greater than 25: 1 cent per mile

**Payment**

File and remit to the Alabama Department of Revenue, Business & License Tax Division, Motor Fuels Section, by the 15th of the month after tax accrues.

**Exemption**

Tour bus operations are exempted from the provisions of the motor carrier mileage tax law.

**Distribution**

Public Service Commission operating costs

Balance – State Highway Fund

***Motor Vehicle Carrier Permit Fees*****Authority**

Sections 37-3-1 through 37-3-34, Code of Alabama 1975.

**Basis**

Fee for any person transporting passengers or property by motor vehicle for compensation in Alabama, whether directly or by lease, contract or other arrangement.

**Rate**

\$100 for intrastate certificate of public convenience or permit.

\$100 for amendment of an intrastate certificate or permit.

\$ 25 for interstate registration.

\$ 25 for transfer of a certificate or permit.

\$ 10 for approval of a lease of a certificate for a period of more than six months.

\$ 4 registration fee for every motor vehicle used by a motor carrier on a state highway.

**Payment**

To the Alabama Public Service Commission upon application by the motor carrier.

**Distribution**

General Fund

***Motor Vehicle Certificate of Title Fee*****Authority**

Sections 32-8-1 through 32-8-88, Code of Alabama 1975.

**Basis**

Fee required of owners of motor vehicles designated 35 model years old or newer and travel trailers designated 20 model years old or newer, for which no certificate of title has been issued.

Registrants must have a certificate of title or an application for certificate of title before license plates can be issued.

Original certificate of title	\$15
Replacement certificate	\$15
Certificate after transfer	\$15
Notice of security interest	\$15
Assignment by lien holder	\$15
Title history	\$15
Corrected title	\$15
Salvage title	\$15
Title printout*	\$ 5
Registration printout*	\$ 5



### **Payment**

Every designated agent must electronically submit the application for certificate of title with the Alabama Department of Revenue, Motor Vehicle Division. Payment of application fees must also be remitted electronically. Designated agents are all county officials in Alabama who are authorized and required by law to issue motor vehicle license plates, licensed motor vehicle dealers who qualify, and financial institutions that qualify.

### **Distribution**

General Fund

\*Distribution designated as follows: 50% to general fund and 50% to motor vehicle training and technology fund.

\*\*Distribution to motor vehicle training and technology fund. In lieu of a per transaction fee, automotive dismantler and parts recyclers and secondary metals recyclers may pay an annual fee of \$500. The annual fee is also distributed to the motor vehicle training and technology fund.

### ***Motor Vehicle Dealers Off-Site License***

#### **Authority**

Section 40-12-395, Code of Alabama 1975.

#### **Basis**

Any new or used motor vehicle dealer is required to obtain a license in order to conduct sales of new or used motor vehicles from locations off-site of their permanent locations.

#### **Rate**

License- \$25 per off-site sale. (Limited to three per license year.)

(A privilege license under Section 40-12-51 is needed for each offsite sale.)

#### **Payment**

File application, with the Alabama Department of Revenue, Motor Vehicle Division, 14 days prior to conducting the off-site sale.

#### **Distribution**

General Fund

### ***Motor Vehicle Dealers, Reconditioners, Rebuilders and Wholesalers License***

#### **Authority**

Sections 40-12-390 through 40-12-400, Code of Alabama 1975.

#### **Basis**

Motor Vehicle Dealer—Engaging in the business of buying, selling, exchanging, negotiating, offering, or displaying for sale motor vehicles at retail.

Motor Vehicle Reconditioner—Engaging in the business of refurbishing, repairing, or replacing damaged parts of motor vehicles to prepare for resale under the same identification as before refurbishment.

Motor Vehicle Rebuilder—Engaging in the business of making or causing to be made extensive repairs, replacements, or combination of different motor vehicles to the extent of eliminating the identity of the original motor vehicle.

Motor Vehicle Wholesaler—Engaging in the business of buying, selling, or exchanging motor vehicles at wholesale.

**Rate**

License – \$10 annually per type of activity.

Each additional place of business – \$5.

(A retail or wholesale dealer is required to purchase a privilege license under Section 40-12-51 for each location.)

**Payment**

File application, with applicable bond, insurance certificate, and other documents (i.e. picture of location, proof of landline telephone) with the Alabama Department of Revenue, Motor Vehicle Division, by October 1.

**Distribution**

General Fund

***Motor Vehicle Registration Fees*****Authority**

Sections 40-12-240 through 40-12-302 and 32-6-51 through 32-6-660, Code of Alabama 1975.

**Basis**

Motor vehicle operation and use upon the public highways of Alabama.

**Rate**

Passenger cars and pickup trucks	\$23 to \$105
Motorcycles	\$15
Buses (based on seating)	\$47.50 to \$210
Taxicabs (based on weight)	\$21 to \$40
Hearses and ambulances (based on city population)	\$15 to \$55
Trucks and truck-tractors (based on gross wt.)	\$23 to \$890
Motor homes (based on gross wt.)	\$23 to \$890
Commercial trailers	\$20
Travel and utility trailers	\$12
Rental utility trailers	\$15
Permanent trailers	\$60

**Payment**

Remit to county license plate-issuing official in county of residence (if an individual) or where the vehicle is principally used (if a business).

Registration is staggered based on the first letter of the individual's last name:

January: A, D	June: M, I
February: B	July: P, L
March: C, E	August: J, K, R
April: F, G, N	September: Q, S, T
May: H, O	October: U, V, W, X, Y, Z

Trucks and commercial and fleet vehicles will be registered during October and November of each year.

**Distribution**

The first \$10 of passenger car and pickup truck registration fees and the first \$8 of motorcycle registration fees are distributed to the state's general fund for use by the Public Safety Department for enforcing traffic and motor vehicle laws. The remainder is divided evenly between the "additional" and "base" amounts and distributed as follows:

Balance:

Base Amount:

72%	Public Road and Bridge Fund
21%	City or County of Residence
7%	Cities and Counties

Additional Amount: (For Trucks)

64.75%	Public Road and Bridge Fund
35.25%	Counties

## ***Nursing Facility Tax***

### **Authority**

Sections 40-26B-20 through 40-26B-27, Code of Alabama 1975.

### **Basis**

Privilege tax on the business activities of every nursing facility in Alabama.

### **Rate**

Annual rate of \$1,899.96 per year for each bed in the facility and a supplemental rate of \$1,603.08 for each bed in the facility. The supplemental rate is set to expire August 31, 2013. Act 2012-536 levies an additional monthly surcharge due with each monthly payment of the supplemental privilege assessment due beginning May 20, 2012, and ending August 31, 2013. The initial monthly surcharge is one hundred thirty-one dollars and twenty-five cents (\$131.25) per licensed bed. Beginning with the monthly payment of the supplemental privilege assessment due on September 20, 2012, the monthly surcharge will be reduced to forty-three dollars and seventy-five cents (\$43.75) per licensed bed.

### **Payment**

File return and remit monthly installment payment to Alabama Department of Revenue, Sales and Use Tax Division, on or before the 20<sup>th</sup> day of the month for the preceding month's liability.

### **Distribution**

Alabama Health Care Trust Fund

## ***Oil and Gas Privilege Tax***

### **Authority**

Sections 40-20-1 through 40-20-13 & 40-20-20 through 40-20-23, Code of Alabama 1975.

### **Basis**

Engaging in the business of producing or severing oil or gas within the state.

### **Rate**

#### 4% Privilege

Oil wells producing 25 BBLS or less per day.

Gas wells producing 200 MCF or less per day.

Incremental production from qualified enhanced recovery projects and supplemental enhanced recovery projects approved by State Oil and Gas Board.

#### 6% Privilege

Offshore wells, at depths less than 8,000 feet below mean sea level, granted permits on or after July 1, 1988, by State Oil and Gas Board.

Onshore wells permitted on or after July 1, 1988, except those qualifying for lower tax rates.

### 8% Privilege

Tax on all other taxable production not covered under above provisions.

### 3.65% Privilege

Offshore wells producing from depths greater than 8,000 feet below mean sea level, computed as a percentage of gross proceeds.

### Reduced Privilege Tax

Any well permitted between July 1, 1996, and July 1, 2002, that is not a replacement well, will qualify for a 50% tax rate reduction for five years from first production.

### **Exemption**

Natural gas lawfully injected into oil or gas pools, or reservoirs in the soil, or beneath the soil or waters of the state for the purpose of lifting oil or gas is exempt from this tax. However, if any gas injected is sold or injected into underground storage facilities, that gas shall not be exempt from this tax. Natural gas lawfully vented or flared in connection with the production, treatment, or processing of oil or gas is exempt from the tax.

### **Payment**

File return and remit payment to the Alabama Department of Revenue, Business & License Tax Division, Severance and License Section, by the 15th day of the second month following production.

### **Distribution**

#### Onshore:

25% -- General Fund

75% -- Distributed as follows:

66-2/3% is distributed as follows:

25% -- Counties where severed

10% -- Municipalities where severed

#### First \$150,000:

50% -- State General Fund

42-1/2% -- Counties where severed

7-1/2% -- Municipalities

#### Remainder:

84% -- State General Fund

14% -- Counties where severed

2% -- Municipalities

16-2/3% -- General Fund

16-2/3% -- Counties where severed

#### Offshore:

90% -- General Fund

10% -- Counties where severed

### ***Oil and Gas Production Tax***

#### **Authority**

Sections 9-17-25 through 9-17-31 & 9-17-34 through 9-17-35, Code of Alabama 1975.

#### **Basis**

Production of oil or gas from a well in Alabama.

**Rate**

2% of gross value at point of production

1% for any well permitted between July 1, 1996, and July 1, 2002, that is not a replacement well, for five years from first production.

1.66% for offshore wells producing from depths greater than 8,000 feet below mean sea level, computed as a percentage of gross proceeds.

**Payment**

Paid to the Alabama Department of Revenue, Business & License Tax Division, Severance and License Section, by the 15th day of the second month following production.

**Distribution**

General Fund

***Pari-Mutuel Pool Tax*****Authority**

Sections 40-26A-1 through 40-26A-17, Code of Alabama 1975.

**Basis**

Privilege tax on every person engaged in the business of operating a dog race track in the state.

**Rate**

1% of the pari-mutuel pool on all pari-mutuel races.

In addition, there is also a 1% levy on the pari-mutuel pool on all races requiring the selection of three or more racers.

**Payment**

File and remit payment by the 20th day of each month to the Alabama Department of Revenue, Business & License Tax Division, Tobacco Tax Section.

**Distribution**

General Fund

***Partnership Income Tax*****Authority**

Sections 40-18-22, 40-18-24.2, 40-18-24.3, and 40-18-28, Code of Alabama 1975.

This is a component of Individual and Corporate Income Tax.

**Basis**

Partnerships are a pass-through entity. Income is calculated on the partnership informational return, Form 65. The income is reported and taxes paid on the partners' (individual or corporate) income tax returns.

**Payment**

Partnerships (other than QIPs, low income housing projects, and large partnerships treated as corporations) with nonresident partners must file Form PTE-C and remit a composite payment of 5% of the nonresident partners' share of income. The form and any tax due should be remitted on or before the 15th day of the fourth month following the close of the partnership's accounting period. File with the Alabama Department of Revenue, Individual and Corporate Tax Division, Pass Through Entity Unit.

**Distribution**

See Individual Income Tax and Corporate Income Tax.

### ***Pharmaceutical Providers Tax***

#### **Authority**

Sections 40-26B-1 through 40-26B-8, Code of Alabama 1975.

#### **Basis**

Privilege tax on the business activities of every provider of pharmaceutical services to Alabama citizens, except for pharmacies serving hospital inpatients or pharmacies owned or operated by the state of Alabama.

#### **Rate**

Ten cents for each prescription filled or refilled for a citizen of Alabama.

#### **Payment**

File and remit tax to Alabama Department of Revenue, Sales and Use Tax Division, by the 20th of the month for the preceding month's liability.

#### **Distribution**

Alabama Health Care Trust Fund

### ***Playing Cards Tax***

#### **Authority**

Section 40-12-144, Code of Alabama 1975.

#### **Basis**

A privilege tax imposed on the storage, sale, use, or consumption of packaged playing cards containing not more than 54 cards to the deck or package.

#### **Rate**

\$.10 per package or deck of playing cards.

#### **Payment**

Order stamps from the Alabama Department of Revenue, Business & License Tax Division, Tobacco Tax Section.

#### **Distribution**

General Fund

### ***Prepaid Wireless 9-1-1 Charge***

#### **Authority**

Sections 11-98-1 through 11-98-15, Code of Alabama 1975.

#### **Basis**

Each retail transaction involving the sale of prepaid wireless telecommunications services.

#### **Rate**

Seventy cents (\$0.70) per retail transaction occurring in this state.

#### **Payment**

File return and remit monthly payment to the Alabama Department of Revenue, Sales and Use Tax Division, on or before the 20<sup>th</sup> day of the month for the preceding month's liability.

## **Distribution**

Commercial Mobile Radio Services Board and, upon the effective date of the statewide 9-1-1 charge, to the statewide 9-1-1 Board.

## ***Property (Ad Valorem) Tax***

### **Authority**

Sections 40-1-1 through 40-11-4 and 40-21-1 through 40-21-34, Code of Alabama 1975; Amendment 373, Constitution of Alabama.

### **Basis**

Ownership of real and personal property within this state.

### **Rate**

The state tax rate is 6.5 mills.

County millages vary from 17.5 mills to 55.8 mills. City millages vary from zero to 49.3 mills.

Counties and cities may decrease their ad valorem tax rate, provided the decrease does not jeopardize the payment of bonded indebtedness.

Any increase in the county and municipal tax rate must be approved by the governing authority, the legislature, and the voters of the taxing jurisdiction.

The county commission, at its first regular meeting in February, shall levy the amount of general taxes required for county expenses for the current year, not to exceed 1/2 of 1% of the value of taxable property as shown by the books of assessment.

All nonexempt property is divided into the following classes and subject to the assessment ratios indicated:

Class I -- all utility property used in such utilities. 30%

Class II -- all property not otherwise classified. 20%

Class III -- all agricultural, forest, and single-family, owner-occupied residential property, including owner-occupied residential manufactured homes (formerly known as "mobile homes") located on land owned by the manufactured home owner, and historic buildings and sites. Residential property shall include single-family dwellings and the fully-developed underlying lot owned by a home builder licensed by the Alabama Homebuilders Licensure Board or who is otherwise authorized by the board to construct single family homes; provided that this classification shall not exceed a period of 24 months. 10%

Class IV -- All private passenger automobiles and motor trucks of the type commonly known as "pickups" or "pickup trucks" owned and operated by an individual for personal or private use and not for hire, rent, or compensation. Automobiles and "pickup" trucks under lease-purchase option agreements which are leased by an individual for personal or private use are also included. 15%

One tax rate must be applied to all property taxed by the state. One tax rate must be applied to all property taxed by a county, municipality, or other taxing authority within its taxing jurisdiction.

With the exception of the cities of Mountain Brook, Vestavia Hills, and Huntsville, the amount of property tax paid on any item of taxable property shall never exceed the percentage of market value for that class as shown below:

Class I -- 2% 66.7 Mills Tax Rate

Class II -- 1-1/2% 75 Mills Tax Rate

Class III -- 1% 100 Mills Tax Rate

Class IV -- 1-1/4% 83.3 Mills Tax Rate

All taxable property is to be appraised at its fair and reasonable market value, with the exception of Class III property, which may be appraised by the assessor on current use value if the owner of the property requests. All taxpayers have the right to appear before the county board of equalization concerning property valuation.

## **Exemption**

Homesteads, not to exceed 160 acres, whose owners are less than 65 years of age, are exempt from state property tax up to \$4,000 of assessed value. County exemptions vary from \$2,000 to \$4,000 of assessed value for the regular homestead.

The first \$2,000 exemption applies to county property taxes, except county wide and school district taxes. An optional exemption not to exceed \$4,000 may be granted to county and municipal taxes, provided county wide school district or municipal school district property exemptions are approved by resolution of the governing body and school system boards.

Homesteads whose owners are blind regardless of age or income, or whether such person is retired, shall receive a \$5,000 exemption on the assessed value for county taxes.

Those owners, who are 65 years of age or older, with a net annual taxable income for the person claiming the exemption and that of his or her spouse of \$12,000 or less, as shown on such person's and spouse's latest United States income tax return, or who are retired because he or she is permanently and totally disabled regardless of age, with a net annual taxable income for the person claiming the exemption and that of his or her spouse of \$12,000 or less, as shown on such person's and spouse's latest United States income tax return, shall be exempt, upon proper qualification, from all state, county, and city property taxes on their primary residence and up to 160 acres thereto.

Property tax exemptions include state, county, and municipal property; property devoted exclusively to religious, educational, or charitable purposes; household and kitchen furniture; farm tractors, farming implements used for agricultural purposes by the owner; stocks of goods, wares, merchandise; and manufactured homes rented or leased, not located on land owned by the manufactured home owner (these homes must be registered).

In order to encourage the development of new industry in the state, as well as to encourage the expansion of existing industry, there are provisions in the law for exemptions from property taxes in some cases.

Manufacturers of calcium cyanamid, aluminum, or aluminum products are specifically exempt from all state, county, and municipal property tax levies for ten years.

## **Payment**

Individuals, partnerships, corporations, etc., pay tax annually to county tax collectors between October 1 - December 31, following assessment.

Public utilities and railroads file returns annually with the Alabama Department of Revenue, Property Tax Division, by March 1. Assessments are made by the department and collected by the counties.

## **Distribution**

3 mills: (46.15%) – Public School Fund

2.5 mills: (38.46%) – General Fund

1 mill: (15.38%) – Human Resources Fund

## ***Recordation Tax***

### **Authority**

Sections 40-22-1 through 40-22-12, Code of Alabama 1975.

### **Basis**

Recordation of mortgages, deeds, bills of sale, conditional sale contracts, etc.

### **Rate**

Mortgages – \$.15 per \$100 of indebtedness or fraction thereof. (Also deeds of trust, conditional sale contracts, etc.).

Deeds – \$.50 per \$500 of value or fraction thereof. (Also bills of sale.)

### **Payment**

Paid to probate judge upon presentation for record; except for deeds conveying property in two or more counties, mortgages conveying property both within and without Alabama, and open-end mortgages.



In the instances noted above, the tax is also paid to probate judges, but only after petition is made to the Department of Revenue and the department has issued an order determining the amount and distribution of said tax.

**Distribution**

2/3 – General Fund

1/3 – County

***Rental or Leasing Tax*****Authority**

Section 40-12-220 through 40-12-227, Code of Alabama 1975.

**Basis**

Privilege tax on persons engaging in the business of leasing or renting tangible personal property.

**Rate**

4% of gross proceeds from leasing or rental of tangible personal property.

1-1/2% of gross proceeds from leasing or renting automotive vehicles, truck trailers, semi-trailers, or house trailers.

2% of gross proceeds from leasing or rental of linens or garments.

**Payment**

File return and remit tax to the Alabama Department of Revenue, Sales and Use Tax Division, by the 20th of month for preceding month's liability.

Taxpayers whose total state rental tax liability for the preceding calendar year averaged less than \$200 per month may elect to file and pay state rental tax on a calendar quarter basis (Prior approval required).

Taxpayers whose total state rental tax liability for the preceding calendar year was \$10 or less may file and pay state rental tax on a calendar year basis (Prior approval required).

Quarterly and annual returns are due by the 20th of the month following the period covered by the return.

**Distribution**

General Fund

***Restored (Salvage) Vehicle Inspection Fee*****Authority**

Section 32-8-87(1), Code of Alabama 1975.

**Basis**

Inspection fee for inspection of salvage vehicle restored to operating condition which existed before event which caused a salvage motor vehicle title to be issued. Fee pays for costs of inspection to determine that the identification numbers of the vehicle or its parts have not been removed, falsified, altered, defaced, destroyed, or tampered with and that there are no indications that the vehicle or any of its parts are stolen.

**Rate**

\$75.00 per application for inspection.

**Payment**

Payable to state with submission of application for inspection form (INV 26-15) plus title fee of \$15.00 and supporting documents. Submitted to the Inspections Section of the Alabama Department of Revenue, Investigations Division.

**Distribution**

\$75.00 -- To the Alabama Department of Revenue for “personnel and maintenance costs of the vehicle inspection program.”

\$15.00 -- Title fee to the General Fund.

***Sales Tax*****Authority**

Sections 40-23-1 through 40-23-39, Code of Alabama 1975.

**Basis**

Gross proceeds from sale of all taxable items for consumption or other use to consumers (except as specifically exempted by law) within Alabama and the gross receipts from conducting or operating public places of amusement or entertainment.

**Rate**

4% of gross proceeds of sale of tangible personal property.

4% of gross receipts from conducting or operating public places of amusement or entertainment.

2% of net trade difference of new or used automotive vehicles, truck trailers, semi-trailers or house trailers.

2% of gross proceeds of sale of manufactured home set-up materials and related supplies.

1-1/2% selling price of machinery used in mining or manufacturing tangible personal property.

1-1/2% of net trade difference of new or used farm machines, machinery, and equipment that is used in production of agricultural produce or products, livestock or poultry on farms.

3% of retail selling price of food products sold through vending machines.

The Department of Revenue collects and administers approximately 200 county and municipal sales and/or gross receipts taxes ranging in rate between 1/4 of 1% to 5%. In addition, some counties and municipalities may choose to administer their own sales and/or gross receipts taxes.

**Payment**

File and remit tax to the Alabama Department of Revenue, Sales and Use Tax Division, by the 20th of the month for the preceding month's liability.

Taxpayers whose total state sales tax liability for the preceding calendar year averaged less than \$200 per month may elect to file and pay state sales tax on a calendar quarter basis (prior approval required).

Taxpayers whose total state sales tax liability for the preceding calendar year was \$10 or less may file and pay state sales tax on a calendar year basis (prior approval required).

Quarterly and annual returns are due by the 20th of the month following the period covered by the return.

Taxpayers with an average monthly tax liability of \$1,000 or greater during the preceding calendar year shall pay, by the 20th day of the month in which the liability occurs, an estimated amount equal to the lesser of 2/3 of the taxpayer's actual tax liability for the same calendar month of the preceding year or 2/3 of the current month's estimated liability.

**Distribution after the deduction of collection costs**

Education Trust Fund, except as follows:

- \$ 378,000 is distributed to the Counties.
- \$1,322,000 is distributed to the Department of Human Resources.
- 42% of the 2% tax on gross proceeds from sale of automotive vehicles and from sale of mobile home set-up materials and related supplies goes to the General Fund.
- An amount equal to 5% of the value of food stamp benefits issued statewide in excess of the amount paid by recipients is distributed to the Department of Human Resources.

- An amount for debt service is distributed to the Alabama Public School and College Authority.
- Revenue generated from \$400 discount cap goes to pay debt service on bonds issued by the Alabama State Parks System Improvement Corporation and/or the Alabama Public Historical Sites and Parks Improvement Corporation and to pay the greater of \$5 million or \$5 million adjusted by a percentage growth in receipts from the cap allocated to the Department of Conservation and Natural Resources for repairs and capital outlays for state parks. The balance goes to the General Fund. Act No. 2011-642, effective October 1, 2011, amended Section 40-23-35, Code of Alabama 1975, to change the distribution of the sales tax discount. The act provides that only for fiscal years ending September 30, 2012 and September 30, 2013, the \$5 million normally disbursed to the Department of Conservation and Natural Resources will, instead, be disbursed to the State General Fund.

### ***Scrap Tire Environmental Fee***

#### **Authority**

Sections 22-40A-1 through 22-40A-24, Code of Alabama 1975.

#### **Basis**

Fee on sale of new, used or retread tires, whether mounted or not, to the consumer.

#### **Rate**

\$1 per tire

#### **Payment**

File and remit to the Alabama Department of Revenue, Business & License Tax Division, Motor Fuels Section. Payment is due by the 20th of each month for the previous month's operation.

#### **Distribution**

All fees collected, less administrative expenses, are deposited into the Scrap Tire Fund to be distributed for use by the Alabama Department of Environmental Management.

### ***Solid Waste Disposal Fee***

#### **Authority**

Sections 22-27-1 through 22-27-18, Code of Alabama 1975.

#### **Basis**

Fees levied upon generators of solid waste disposing of the waste at permitted solid waste management facilities.

#### **Rate**

One dollar (\$1) per ton for all waste disposed of in a municipal solid waste landfill, regulated solid waste that may be approved by ADEM as alternate cover materials in landfills and regulated solid waste received from out-of-state for disposal at permitted public solid waste facilities.

One dollar (\$1) per ton or twenty-five cents (\$0.25) per cubic yard for all waste disposed of in public industrial landfills, construction and demolition landfills, non-municipal solid waste incinerators, or composting facilities, which receive waste not generated by the permittee; regulated solid waste that may be approved by ADEM as alternate cover materials in landfills; and regulated solid waste received from out-of-state for disposal at permitted public solid waste facilities.

Twenty-five cents (\$0.25) per cubic yard for all waste disposed of in a private solid waste management facility, not to exceed one thousand dollars (\$1,000) per calendar year.

**Payment**

File a quarterly report and remit to the Alabama Department of Revenue, Business & License Tax Division, Tobacco Tax Section. Payment is due no later than the 20th day of January, April, July, and October on all waste delivered to the solid waste facilities for disposal.

**Distribution**

25% - Alabama Recycling Fund (ARF)

25% - Solid Waste Fund (SWF)

45% - Alabama Department of Environmental Management (ADEM)

4% - Retained by Owners/Operators collecting the solid waste fee

1% - Alabama Department of Revenue

***State Horse Wagering Fee*****Authority**

Sections 11-65-1 through 11-65-47, Code of Alabama 1975.

**Basis**

Fee on each licensed horse-racing operator.

**Rate**

1% of the operator's horse-racing handle.

**Payment**

Remit payment by the end of the calendar month for activity during the preceding calendar month to the Alabama Department of Revenue, Business & License Tax Division, Tobacco Tax Section.

**Distribution**

General Fund

***Store and Chain Store License*****Authority**

Sections 40-12-310 through 40-12-319, Code of Alabama 1975.

**Basis**

Any person, firm, corporation, association, or co-partnership, foreign or domestic, is required to obtain a license to operate, maintain, open, or establish any store in this state in which goods, wares, or merchandise of any kind are sold, at either retail or wholesale.

Two or more stores which are under a single or common ownership or management, if directly or indirectly owned or controlled by a single person or group having a common interest, shall be termed a chain of stores and shall be required to pay the additional license tax for each store so maintained.

**Rate**

1 Store	\$1
2-5 Stores	\$15 each additional store
6-10 Stores	\$22.50 each additional store
11-20 Stores	\$37.50 each additional store
More than 20	\$112.50 each additional store

New businesses beginning on or after April 1 may pay one-half of the full rate for a part-year license.

**Payment**

Store/chain store licenses are due and payable by October 1 and delinquent on November 1. Licenses are issued by the county-issuing authority at the courthouse in the county where the principal or main store is located.

**Distribution**

Education Trust Fund

***Tobacco Master Settlement Agreement – Escrow & Complementary Legislation Provisions*****Authority**

Sections 6-12-1 through 6-12-4 and 6-12A-1 through 6-12A-7, Code of Alabama 1975.

**Basis**

Provides that tobacco product manufacturers not signatory to the Master Settlement Agreement (MSA) establish a qualified escrow account, make deposits (quarterly/yearly) into the account based on its cigarette and roll-your-own distributions into the State, and file quarterly/yearly forms certifying the amount deposited into escrow and the number of cigarette and roll-your-own units distributed. The statute further provides for a monthly report from tobacco distributors identifying manufacturers of cigarettes and roll-your-own tobacco who are not participating from those who are participating in the MSA and whose products were sold tax-paid in Alabama. It also provides for a yearly certification by all tobacco products manufacturers (TPMs) wishing to distribute their product in the State. All tobacco product manufacturers are required to have their name and brand(s) listed on the Directory of Cigarettes Approved for Stamping and Sale in Alabama to legally distribute their products in the State.

**Payment**

Non-participating manufacturers (NPM) allowed to make yearly certifications are to make escrow deposits by April 15. Non-participating manufacturers on the quarterly basis are to make escrow deposits by January 31, April 30, July 31, and October 31.

Amounts to be placed into the escrow fund, as adjusted for inflation, are as follows:

For 2007 and each year thereafter: \$.0188482 per unit sold.

**Distribution**

Non-compliant NPM civil penalties collected by the Legal Division and distributor failure to timely file penalties:  
100% - General Fund

***Tobacco Tax*****Authority**

Sections 40-25-1 through 40-25-29 and 40-25-40 through 40-25-47, Code of Alabama 1975.

**Basis**

Sale, storage, use, or distribution of tobacco products by wholesalers, retailers, and consumers.

**Rate**

42.5¢ on each package of 20 cigarettes. On other tobacco products such as cigars, cigar wrappers (effective August 1, 2012), smoking tobacco, chewing tobacco, and snuff, rates vary, depending on weight or retail selling price of the package.

**Payment**

For cigarettes (state and state administered counties), tax is paid by affixing stamps. For other tobacco products, a report (state and state administered counties) shall be submitted to the state with the appropriate tax remitted.

File and remit to the Alabama Department of Revenue, Business & License Tax Division, Tobacco Tax Section, by the 20th of the month for the stamps and/or products handled during the preceding month.

In addition to state tobacco taxes, cigarettes and other tobacco products are subject to taxation at the local level. The department administers these taxes in some counties. State administered local tobacco taxes range from \$.04 to \$.25 per pack of cigarettes and other tobacco products of various packages and containers and up to \$.25 per package of rolling papers. Municipal taxes, where applicable, are collected and administered by the municipality.

### **Distribution**

Cigarettes

38.82% as follows:

66.67%	General Fund
12.12%	Bonds maturing for purpose of acquiring and constructing mental health facilities, remainder to General and Mental Health Fund
6.06%	State Public Welfare Trust Fund
6.06%	Bonds issued by State Parks Development Authority, remainder to State Parks Fund
9.09%	IDA Bonds, Remaining to "General and Mental Health Fund"

61.18% as follows:

\$2 million to counties to offset administrative expenses

Balance--General Fund for Medicaid services

Other Tobacco Products 100% – General Fund

### ***TVA Electric Payment***

#### **Authority**

Sections 40-28-1 through 40-28-4, Code of Alabama 1975.

#### **Basis**

The Tennessee Valley Authority (TVA) makes annual payments to Alabama, in lieu of taxes, under federal law 16 USC, Section 831.

#### **Payment**

Paid by TVA in monthly installments to the Alabama Department of Revenue, Financial Operations Section, by the first of every month.

#### **Distribution**

17% – State General Fund

83% – Direct-served counties

The direct-served counties' share is allocated among the counties using formulae that analyze:

TVA industrial/residential power sales ratios;

Book value ratios of TVA property; and,

Construction in counties where TVA services are provided.

Prior to fiscal year 2010, the dry (non-alcoholic) non-served counties were allocated 5% of the TVA payments and the direct-served counties were allocated 78%. Beginning with fiscal year 2010, the portion allocated to the dry non-served counties was reduced by the increase in certain liquor tax revenues, until the replacement liquor tax revenues equaled the amount of the TVA payments allocated to the dry non-served counties for fiscal year 2009. Thereafter, the portion previously allocated to the dry non-served counties is being allocated to the direct-served counties.

### ***Underground and Aboveground Storage Tank Trust Fund Charge***

#### **Authority**

Sections 22-35-1 through 22-35-13, Code of Alabama 1975.

**Basis**

Charge is imposed on the first withdrawal of a motor fuel from bulk and on motor fuels imported into Alabama.

**Rate**

Based on invoiced gallons in an amount which shall be not greater than the \$0.02 per gallon, nor less than \$0.003 per gallon as determined by the Alabama Environmental Management Commission and the Trust Fund Management Board. The current rate is \$0.01 per gallon.

**Payment**

File returns and remit charge to the Alabama Department of Revenue, Business & License Tax Division, Tobacco Tax Section, by the 20th of the month for the preceding month's activity.

**Distribution**

Alabama Underground and Aboveground Trust Fund

***Unemployment Compensation Tax***

**Authority**

Sections 25-4-52 and 25-4-54, Code of Alabama 1975.

**Basis**

Annual earnings paid to each employee.

**Rate**

Tax is due by an employer on the first \$8,000 paid to each employee during a calendar year.

Rates per employee are determined under an experience rating plan. Under this plan, rates range (in 17 steps) from 0.59% to 6.19%. Special assessments may be made to support special requirements.

**Payment**

Reporting forms are mailed the last week of each quarter to all registered employers by the Department of Industrial Relations. File by end of month following close of each quarter.

***Use Tax***

**Authority**

Sections 40-23-60 and 40-23-88, Code of Alabama 1975.

**Basis**

Excise tax on tangible personal property purchased outside Alabama for storage, use, or other consumption in Alabama.

**Rate**

4% of selling price of general merchandise and items.

2% of selling price of mobile home set-up materials and related supplies.

2% of net trade difference of new and used automotive vehicles.

1-1/2% of selling price of machinery used in mining and manufacturing.

1-1/2% of net trade difference of farm machines, machinery, or equipment.

**Note:** Each purchaser liable for use tax on tangible personal property is entitled to full credit for the combined amount of legally imposed sales or use taxes paid by the purchaser with respect to the same property to another state and any subdivision thereof.

## **Payment**

File and remit to the Alabama Department of Revenue, Sales and Use Tax Division, on the 20th day of month for the preceding month's liability.

Taxpayers whose total state use tax liability for the preceding calendar year averaged less than \$200 per month may elect to file and pay state use tax on a calendar quarter basis (Prior approval required).

A taxpayer whose total state use tax liability for the preceding calendar year was \$10 or less may file and pay state use tax on a calendar year basis (Prior approval required).

Quarterly and annual returns are due by the 20th of the month following the period covered by the return.

## **Distribution**

Education Trust Fund, except for 42% of the 2% tax on gross proceeds from sale of automotive vehicles which will go to the General Fund, and revenues from the repealed discount which go to the Foster Children's Program and the Department of Conservation and Natural Resources. Effective October 1, 2011, Act No. 2011-642 provides that only for fiscal years ending September 30, 2012 and September 30, 2013, the \$1 million normally disbursed to the Coastal Programs will instead be disbursed to the State General Fund. Act No. 2012-599 provides that effective October 1, 2012, after the distribution of the 2% tax on gross proceeds from the sales of automotive vehicles and other distributions provided in Section 40-23-85, 75% of future collections from remote sellers and 25% of all current use taxes will be deposited into the General Fund. An amount sufficient to fund the Children's Health Insurance Program (CHIP) will be distributed annually as a first charge against the amounts allocated to the General Fund under Section 40-23-85. It is the legislative intent that all amounts collected on transactions involving a seller located outside the state when the property is shipped or transported from outside the state will be considered use tax for the purpose of distribution, regardless of whether the taxes are considered sales taxes for other purposes.

## ***Utility Gross Receipts Tax***

### **Authority**

Sections 40-21-80 through 40-21-88, Code of Alabama 1975.

### **Basis**

Privilege tax on every utility (electric, domestic water, natural gas, telegraph, and telephone) furnishing services in Alabama.

### **Rate**

Tax on utilities furnishing electricity, domestic water or natural gas:

If monthly gross sales or gross receipts

The tax is:

respecting a person are:

Not more than \$40,000

4% of gross sales or gross receipts

Over \$40,000 but not over \$60,000

\$1,600 plus 3% of excess over \$40,000

Over \$60,000

\$2,200 plus 2% of excess over \$60,000

Tax on utilities furnishing telegraph or telephone services:

6% on gross sales or gross receipts

## **Payment**

File return and remit tax by the 20th of each month to the Alabama Department of Revenue, Sales and Use Tax Division, for the preceding month's liability.



Taxpayers with an average monthly tax liability of \$10,000 or more during the prior calendar year, pay by the 20th of month in which liability occurs an estimated amount no less than the actual tax liability for the same month during the preceding year.

**Distribution**

\$14,600,000 – Special Mental Health Trust Fund

Remainder – Education Trust Fund

***2.2% Utility License Tax***

**Authority**

Sections 40-21-50 through 40-21-51 and 40-21-53, Code of Alabama 1975.

**Basis**

License tax for operating a public utility (hydroelectric, electric, gas, other public utility, or privately owned and operated wastewater facility).

**Rate**

2.2% on each dollar of gross receipts.

**Payment**

File Form FT 5-7 with the Alabama Department of Revenue, Sales and Use Tax Division, on or before October 14, annually. Payment based on gross receipts for the preceding year due in one-fourth increments on October 1, January 1, April 1, and July 1.

**Distribution**

85% – Special Mental Health Fund

15% – General Fund

***Wholesale Oil/Import License Fee***

**Authority**

Section 40-17-174, Code of Alabama 1975.

**Basis**

All diesel fuel that is sold across the rack at a terminal within this state and all diesel fuel imported into Alabama for resell are subject to the fee.

**Rate**

\$.0075 per gallon of diesel fuel.

**Payment**

By October 14, file and remit the amount due to the Alabama Department of Revenue, Business & License Tax Division, Motor Fuels Section.

**Distribution**

General Fund

# Distribution of Taxes/Fees Collected by the Alabama Department of Revenue

Division	Tax Source	General	Education	Road & Bridge	Counties	Cities	Mental Health	Health	Conservation	Human Resources	Other
BLT	Automotive Dismantler License	All									
MV	Automotive Recon/Rebuild Fee	All									
IT	Business Privilege Tax	(24)									
BLT	Coal Severance Tax (20 cents per ton)				(14)	(14)					
ST	Contractor's Gross Receipts Tax							85%			(24)
IT	Corporate Income Tax	(4)	Bal (4)								
PT	Deeds and Assignments	38.461% (34)	46.154% (34)							15.385% (34)	
ST	Dry Cleaning Trust Fund Fee										All
IT	Estate Tax	All									
IT	Financial Institutions' Excise Tax	25%			25%	50%					
BLT	Forest Products' Severance Tax										(2)
PT	Freight Line R.R. Equipment Tax	All									
BLT	Gasoline Tax			(3)	(3)	(3)			(3)		
BLT	Gasoline Aviation and Jet Fuel										(17)
BLT	Hazardous Waste Fee	(22)			(22)						(22)
TPR	Hospital Assessment for Medicaid										(31)
BLT	Horse Wagering Fee	All									
ST	Hydro-Electric K.W.H. Tax		42%					58%			
IN	Illegal Drug Tax	All									
IT	Income Tax	(4)	Bal (4)								
MV	International Fuel Tax Agreement			(16)	(16)	(16)					(17)
MV	International Registration Plan			(13)	(13)	(13)					(18)
MV	Iron Ore Severance Tax		(33)								
BLT	Local Solid Minerals Tax										(28)
ST	Lodgings Tax	(12)			(12)						(12)
MV	Mandatory Liability Insurance (MLI)	(30)									(30)
ST	Medicaid Nursing Facility Tax										(21)
ST	Medicaid Pharmaceutical Services Tax										(21)
ST	Mobile Communications Services Tax	(25)	(25)								(25)
BLT	Motor Carrier Fuel Tax			(16)	(16)	(16)					(17)
BLT	Motor Carrier Mileage Tax			Bal (5)							
BLT	Motor Fuels (Diesel)			(27)	(27)	(27)					
MV	Motor Vehicle Registration Fees			(13)	(13)	(13)					
MV	Motor Vehicle Title Fees	All									
BLT	Oil and Gas Privilege Tax	(6)			(6)	(6)					
BLT	Oil and Gas Production Tax (2%)	All									
BLT	Oil Lubricating Tax	(7)		(7)	(7)	(7)					
BLT	Oil Wholesale License Tax	All									
BLT	Pari-Mutuel Pool Tax	All									
BLT	Playing Cards Tax	All									
ST	Prepaid Wireless 9-1-1 Charge										(35)
ST	Rental or Leasing Tax	All									
ST	Sales Tax	(19)	Balance		\$378,000					\$1,322,000	
IN	Salvage Vehicle Inspection Fee										(15)
BLT	Scrap Tire Environmental Fee										(26)
BLT	Solid Waste Disposal Fee										(32)
BLT	Store License		All								
BLT	Tobacco Products (Cigarettes) Tax	66.67% (29)					9.09% (29) (10)	12.12% (29) (9)	6.06% (29)	6.06% (29)	(29)
BLT	Tobacco Products (Tobacco) Tax	All									
FO	TVA Electric	Balance			(8)						
BLT	Underground and Aboveground Storage Tank Trust Fund Charge	(23)								(23)	
BLT	Uniform Natural Minerals Tax										(28)
ST	Use tax	(20)	Balance								
ST	Utility Gross Receipts Tax		Balance				\$14,600,000				
ST	Utility License tax (2.2%)	15%					85%				

BLT – Business & License Tax; FO – Financial Operations; IT – Individual and Corporate Tax Division; IN – Investigations; MV – Motor Vehicle; PT – Property Tax; ST – Sales & Use Tax; TPR – Tax Policy & Research

## References to Distributions of Taxes/Fees

- (1) A portion of the Business Privilege Tax will be distributed to each county and the remainder will go to the General Fund.
- (2) 100% Special State Forestry Fund administered by the State Forestry Commission.
- (3) Gasoline has a total 16-cent per gallon tax levy comprised of a 7 cent levy, 5 cent supplemental levy, and a 4-cent levy. 1 & 23/100% of net collections of the 12-cent tax levy (7-cent and 5-cent supplemental tax levy) goes to Conservation (60% of the 35/100% to the State Water Safety Fund and 40% of the 35/100% to the Seafood Fund; 70/100% to the Game and Fish Fund; 60% of 18/100% to the State Water Safety Fund and 40% of the 18/100% to the Seafood Fund). The distribution to the Game and Fish Fund (70/100%) and the additional distribution to the Water Safety Fund and the Seafood Fund (18/100%) are deducted from the funds allocated to the State Road and Bridge Fund. These credits cannot diminish the allocations provided to the counties. Original 7-cent levy - 45% of net tax proceeds goes to the State Road and Bridge Fund and 55% of the net tax proceeds goes to the 67 counties of which 10% of the counties' share is distributed to the cities. Supplemental 5-cent tax - 3/5 of the net tax proceeds goes to the State Road & Bridge Fund and 2/5 is distributed as follows: 45% State Road & Bridge Fund and 55% to counties of which 10% of the counties' share is distributed to the cities. Additional 4-cent tax levy - 100% of net collections (45% goes to the State Road & Bridge Fund and 55% goes to counties of which 10% of the counties' share is distributed to the cities).
- (4) Portion necessary to reimburse the Property Tax Relief Fund for homestead exemptions. Balance to Education Trust Fund.
- (5) Administrative cost to Public Service Commission.
- (6) Onshore Production:  
25%, General Fund; 75% balance distributed as follows: 66-2/3% distributed as follows: 25%, counties severed; 10%, cities severed; 50% of the first \$150,000 remaining to General Fund; 42.5%, counties severed; and 7-1/2%, cities. Remainder of 66-2/3%: 84%, General Fund; 14%, counties severed, 2%, cities; 16-2/3%, General Fund; 16-2/3%, Counties severed.  
Offshore Production: 90%, General Fund; 10%, counties severed.
- (7) 1935 Act - 2 cents to the General Fund  
1980 Act - 4 cents: 45%, State Road and Bridge Fund; 55% to counties (10% of which is distributed to the cities).
- (8) TVA served counties, 75%; Dry non-TVA served counties, 5%.
- (9) Mental health facility construction; balance - 30%, Health; 70%, Mental Health.
- (10) Debt service of IDA bonds; balance - 36%, Health; 64%, Mental Health.
- (11) At the Revenue Commissioner's discretion, the Commissioner shall cease to make deposits to the General Fund so as to maintain the trust fund in which to make payment of claims. The trust fund shall retain an amount not greater than \$1,000,000. Persons dying intestate and leaving unclaimed funds: such funds go to Public School Fund.
- (12) 75% of 4% tax to the General Fund.  
25% of 4% tax to Alabama Bureau of Tourism and Travel.  
50% of 1% tax to Alabama Mountain Lakes Association. 50% of 1% tax to Alabama Mountain Lakes counties.
- (13) Base fee distribution: 2.5% commission to licensing official, 5% Public Road & Bridge Fund, 72% Public Road & Bridge Fund, 21 % City or County, 7% Cities & Counties. Additional fee distribution: 64.75% Public Road & Bridge Fund, 35.25% Counties.
- (14) Coal or lignite severed within police jurisdiction or municipal limits as they existed on Jan. 1, 1977: 50%, municipality where severed and 50%, county where severed. Coal or lignite severed other than within police jurisdiction or municipal limits: 100%, county where severed.
- (15) Administrative cost to Alabama Department of Revenue for Salvage Vehicle Inspection Program.

- (16) That portion attributable to the use of gasoline shall be distributed in the manner of the gasoline tax. That portion attributable to the use of diesel fuels shall be distributed in the manner of the diesel fuels tax.
- (17) Department of Transportation – Aeronautics Division.
- (18) Prorated to participating states.
- (19) Sales tax on automotive vehicles - 58%, Education Trust Fund; 42%, General Fund. Discount cap revenues to state parks and Foster Children Program.\*
- (20) Use tax on automotive vehicles - 58%, Education Trust Fund; 42%, General Fund. Discount cap revenues to Department of Conservation and Natural Resources.\*
- (21) Alabama Health Care Trust Fund.
- (22) Distribution of funds based upon the waste type and fees per ton. Note: General fund distributions are also subject to a county guarantee.

*Annual County Fund*

- | <u>FEES</u> | <u>Distribution</u> | <u>Distribution</u>  |
|-------------|---------------------|--|
| \$ 21.60/t  | \$0.15/t            | \$ 21.45/t General Fund & \$500,000 to ALERT (Alabama Legacy for Environmental Research Trust), if available |
| \$ 83.60/t  | \$1.70/t            | \$ 81.90/t General Fund  |
| \$ 46.60/t  | \$0.775/t           | \$ 45.825/t General Fund   |
| \$ 11.60/t  | 50%                 | 50% to General Fund  |
| \$ 11.60/t  |                     | All to General Fund  |
| \$ 1.00/t   |                     | All to Alabama Hazardous Substance Cleanup Fund  |
- (23) 100% to the Alabama Underground and Aboveground Trust Fund.
  - (24) 15% to the Pensions and Security Trust Fund.
  - (25) Appropriated amount for annual payment of principal and interest due to outstanding Alabama Revolving Loan Fund Authority bonds. \$1.5 million to Special Education Trust and remainder to the State General Fund.
  - (26) 100% to the Department of Environmental Management – Scrap Tire Fund.
  - (27) 100% of 13 cent levy – Road and Bridge Fund  
4.69% of 6 cent levy – distributed equally among the 67 counties  
.93% of 6 cent levy – distributed to incorporated municipalities as provided in § 8-17-91(a)(2)c  
Remainder of 6 cent levy – Road and Bridge Fund
  - (28) Counties where severance occurs.
  - (29) Of 100% collected: 61.18% - Medicaid, with up to \$2 million to local governments to defray the cost of obtaining and affixing stamps. Of the remaining 38.82%: 66.67% to General Fund; 9.09% to Health; 12.12% to Mental Health; 6.06% to Parks (Conservation); 6.06% to Welfare (Human Resources).
  - (30) From the net proceeds Revenue receives, 15% is distributed to the Alabama Peace Officers' Annuity and Benefit Fund. Administrative costs for the MLI program are paid and any remaining funds are distributed to the General Fund.
  - (31) 100% to Medicaid.
  - (32) 25% to the Alabama Recycling Fund; 25% to the Solid Waste Fund; 45% to the Alabama Department of Environmental Management; 4% Administrative Collection Allowance for owners & operators; 1% Administrative Collection Allowance for ADOR.
  - (33) Education Trust Fund
  - (34) All property taxing jurisdictions receive their proportional share of the taxes, fees, and interest upon the sale of tax delinquent property. State portion of funds: General fund receives 38.461% for costs, and interest on the costs; Education Fund receives 46.154% and Human Resources receives 15.385%
  - (35) Commercial Mobile Radio Services Board and, upon the effective date of the statewide 9-1-1 charge, to the statewide 9-1-1 Board.

\*Effective Oct. 1, 2002, the lesser of \$500,000 or entire amount to Human Resources. Balance to Department of Conservation and Natural Resources.

## ***Agency Directory for Tax Numbers***

### **State Sales, Use, Income Tax Withholding, Rental and Lodgings Tax Numbers, Name and/or Address Changes**

Request Form COM: 101 from the following address:

Alabama Department of Revenue  
Central Registration Unit  
50 N. Ripley Street  
Room 4301 Gordon Persons Building  
Montgomery, AL 36132  
334-242-1170

Form COM: 101 and Electronic Combined Registration/Application  
are also available on the department's web site at:  
[www.revenue.alabama.gov](http://www.revenue.alabama.gov)

### **Unemployment Compensation Tax Number**

Alabama Department of Industrial Relations  
Industrial Relations Building  
Status Unit, Rm. 4201  
649 Monroe Street  
Montgomery, AL 36131  
334-242-8830

### **Federal Employer Identification Tax Number**

Internal Revenue Service  
1-800-829-3676  
Call and ask for Form SS-4 in order to apply for  
federal employer identification tax number.

## *Department of Revenue Tax Calendar*

<b>Due Date</b>	<b>Tax Activity</b>
January 1	Quarterly Dry Cleaning Trust Fund Fee return and payment due.
	Utility license (2.2%) second quarterly payment due.
10	Quarterly Hospital Assessment for Medicaid Tax due.
<b>Note:</b> Act 2011-615 changed the due date of the quarterly Hospital Assessments to the tenth working day of each quarter, effective Fiscal Years 2012 and 2013.	
15	Fourth installment of estimated personal income tax due.
20	Quarterly sales tax return and payment due.
	Annual sales tax return and payment due.
	Quarterly use tax return and payment due.
	Annual use tax return and payment due.
	Quarterly rental or leasing tax return and payment due.
	Annual rental or leasing tax return and payment due.
	Quarterly Solid Waste Disposal Fee return and payment due.
30	Quarterly forest products' severance tax return and payment due.
31	Quarterly withholding return and payment due from employer.
	Quarterly IFTA tax return and payment due.
	Quarterly NPM payment due into escrow.
	Annual Terminal Operator return and/or payment due.
February 10	Quarterly NPM certification and bank verification due.
28	Annual withholding return due.
March 1	Freight line equipment return due.
	Annual insurance premiums tax return and payment due.
	Public utility property tax return delinquent after this date.
15	Corporate income tax return and information return due (for calendar-year taxpayers).
	Business Privilege Tax return.
April 1	Annual Dry Cleaning Trust Fund Fee return and payment due by wholesalers of dry cleaning agents.
	Quarterly Dry Cleaning Trust Fund Fee return and payment due.
	Utility license (2.2%) third quarterly payment due.
10	Quarterly Hospital Assessment for Medicaid Tax due.
15	Annual NPM payment due into escrow.
	Estimated personal income tax and first installment due.
	Financial institutions' excise tax return and payment due.
	Business Privilege tax return due for limited liability entities.
	First installment of estimated corporate income tax due (for calendar-year taxpayers).
<b>Note:</b> Other fiscal-period taxpayers pay their corporate estimated tax on the 15th day of the fourth, sixth, ninth, and twelfth months of their tax year and file their return on the 15th day of the third month following the close of their tax year.	
	Partnership income tax return due.
	Personal income tax return and payment due.
20	Quarterly sales tax return and payment due.
	Quarterly use tax return and payment due.
	Quarterly rental or leasing tax return and payment due.
	Quarterly Solid Waste Disposal Fee return and payment due.
30	Annual TPM certification due.
	Annual NPM certification and bank verification due.

		Quarterly forest products' severance tax return and payment due.
		Quarterly NPM payment due into escrow.
		Quarterly withholding return and payment due from employer.
		Quarterly IFTA tax return and payment due.
May	10	Quarterly NPM certification and bank verification due.
May	15	Quarterly insurance premiums tax return and payment due.
June	15	Second installment of estimated corporate income tax due (for calendar-year taxpayers).
		Second installment of estimated personal income tax due.
July	1	Quarterly Dry Cleaning Trust Fund Fee return and payment due.
		Utility License (2.2%) fourth quarterly payment due.
	10	Quarterly Hospital Assessment for Medicaid Tax due.
	20	Quarterly sales tax return and payment due.
		Quarterly use tax return and payment due.
		Quarterly rental or leasing tax return and payment due.
		Quarterly Solid Waste Disposal Fee return and payment due.
	30	Quarterly forest products' severance tax return and payment due.
	31	Quarterly NPM payment due into escrow.
		Quarterly withholding return and payment due from employer.
		Quarterly IFTA tax return and payment due.
August	10	Quarterly NPM certification and bank verification due.
	15	Quarterly insurance premiums tax return and payment due.
September	15	Third installment of estimated corporate income tax due (for calendar-year taxpayers).
		Third installment of estimated personal income tax due.
	25	Hydroelectric gross receipts' return and payment due.
October	1	Property tax on real and personal property due.
		Automotive dismantlers and parts recyclers' license due.
		Business privilege license fee due.
		Quarterly Dry Cleaning Trust Fund Fee return and payment due.
		Manufactured home registration and fee due.
		Motor fuel identification markers issued.
		Motor vehicle dealers, reconditioners, rebuilders and wholesalers' license due.

**Note:** Effective Oct. 1, 2003, dealer license plates and manufacturer license plates will be issued through county license plate issuing officials.

		Store and chain store license tax due.
		Utility license (2.2%) return and first quarterly payment due.
	10	Quarterly Hospital Assessment for Medicaid Tax due.
	14	Annual wholesale oil/import license fee return and payment due.
	20	Quarterly sales tax return and payment due.
		Quarterly Solid Waste Disposal Fee return and payment due.
		Quarterly use tax return and payment due.
		Quarterly rental or leasing tax return and payment due.
	30	Quarterly forest products' severance tax return and payment due.
	31	Quarterly NPM payment due into escrow.
		Quarterly withholding return and payment due from employer.
		Quarterly IFTA tax return and payment due.
		Annual business privilege licenses delinquent after this date.

		Store and chain store licenses delinquent after this date.
November	10	Quarterly NPM certification and bank verification due.
	15	Quarterly insurance premiums tax return and payment due.
	30	Last day to register and pay fee for manufactured homes without penalty.
December	15	Fourth installment of estimated corporate income tax due (for calendar-year taxpayers).
	31	Property tax on real and personal property delinquent after this date.
		Expiration of the previous calendar year's motor fuel identification markers.
		Property Tax Assessments Delinquent after this date.
		Last day to claim Exemptions/Abatements on Ad Valorem tax assessments.



## ***Required Monthly Returns***

<b>Day</b>	<b>Tax Activity</b>
10	Tobacco use tax return and payment due. Monthly Jenkins Act Report
15	Motor carrier mileage tax return and payment due. Oil and gas production tax and privilege tax return and payment due the second month following the month of production. Withholding return and payment due from those employers required to remit on a monthly basis.
20	Coal severance tax return and payment due. Coal transporters' and purchasers' returns due. Contractors gross receipts tax return and payment due. Iron ore severance tax return and payment due. Local solid minerals tax returns and payments due. Lodgings tax (state and local) return and payment due. Lubricating oils tax return and payment due. Medicaid-related tax return and payment due for nursing facilities. Medicaid tax return and payment due from pharmaceutical service providers. Mobile Communication services tax return and payment due. Pari-mutuel pool tax return and payment due. Prepaid Wireless 9-1-1 Charge return and payment due. Rental or leasing tax (state and local) return and payment due. Sales tax (state and local) return and payment due. Schedule D (NPM Cigarette Activity) report due. Tobacco tax (state and county) return, reports and payment due. Underground and aboveground storage tank trust fund charge due. Uniform Severance Tax return and payment due. Scrap Tire Environmental Fee return and payment due. Use tax (state and local) return and payment due. Utility gross receipts tax return and payment due.
22	Blender return and payment due. Exporter return due. Importer return due. Supplier/Permissive Supplier return and payment due.
30	Hazardous waste fee return and payment due.
Last	State horse wagering fee return and payment due.
day of	Terminal Operator return due.
month	Transporter return due.

## **Part Three – Revenue Legislation**

### **General Revenue Related Acts 2012 Regular Session**

#### **Act 2012-54 (HB 144)**

##### **Expands Existing Tax Incentives to Investments by Companies Engaged in Coal Mining**

This act amends Sections 40-9B-3 and 40-18-190; expands existing tax incentives to investments by companies primarily engaged in the coal mining industry; adds Industry Group 2121 (Coal Mining) to the qualifying business activities that qualify for abatements and capital credit; exempts coal companies from sales and ad valorem taxes for a period of ten years but will have no effect on the administration of the coal severance taxes imposed in Title 40, Chapter 13.

*Effective Date:* March 1, 2012

#### **Act 2012-168 (HB 152)**

##### **"Heroes for Hire" Tax Credit Act of 2012**

This act provides that companies who meet the requirements of the "Full Employment Act of 2011" may receive an additional \$1000 credit for each new employee hired who is defined as a "recently deployed unemployed veteran" (RDUV) (discharged within the last 2 years), to be applied against the employer's income tax liability; allows a RDUV a nonrefundable credit up to \$2000 against the income tax liability for expenses associated with one start-up business in which the RDUV holds at least 50% ownership; the \$2000 credit can only be taken for a business (located in Alabama) started after the passage of this bill and with a net profit of at least \$3000 for the year in which the credit is taken; an employer cannot claim the additional \$1000 credit for an employee who has claimed the \$2000 credit and the RDUV cannot claim the \$2000 credit if his/her employer has claimed the additional credit on him/her.

*Effective Date:* April 2, 2012. The exemptions apply for all tax years beginning on or after January 1, 2012.

#### **Act 2012-185 (HB 39)**

##### **State Sales Tax Exemption for Parts, Components and Systems used in Conversion, Reconfiguration and Maintenance of Transport Category Aircraft**

This act amends Section 40-23-4(a)(46); exempts the gross receipts from the sale of parts, components, and systems that become a part of a fixed or rotary wing military aircraft or certified transport category aircraft which undergoes conversion, reconfiguration or general maintenance so long as the address of the aircraft for FAA registration is not in Alabama; exemption applies to state sales tax only; there is no corresponding local exemption unless specifically passed by local ordinance or resolution; there is no corresponding use tax exemption; exemption is effective for the fiscal year beginning October 1, 2012, and ending May 30, 2022, unless extended by legislative action.

*Effective Date:* October 1, 2012. Exemption ends May 30, 2022, unless extended by Legislature.

#### **Act 2012-209 (HB 17)**

##### **Establishes the Crime of Offering a False Instrument for Recording against a Public Servant**

This act amends Section 13A-9-12; makes it a felony for offering a false instrument for recording against a public servant; a person commits the crime when the person offers, for recording, a written instrument which relates to or affects the real or personal property, or an interest therein, or a contractual relationship of a public servant, knowing that the written instrument contains a materially false statement or materially false information, with the intent to defraud, intimidate, or harass the public servant, or to impede the public servant

in the performance of his or her duties; provides for penalties; sets forth a procedure allowing any person to petition a recording official to expunge a false instrument that has been recorded.

*Effective Date:* April 19, 2012

**Act 2012-210 (HB 154)**

**Alabama Data Processing Center Economic Incentive Enhancement Act of 2012**

This act amends Sections 40-9B-3, 40-9B-4, 40-18-190, and 40-18-193; entitled the Alabama Data Processing Center Economic Incentive Enhancement Act of 2012; allows the governing body of a municipality, county, or a public industrial authority to grant abatements of certain ad valorem taxes and construction related transaction taxes to private users of data processing centers for a period of up to thirty years; amends the definition of a "data processing center" by reducing employment thresholds in order to qualify for an abatement from 50 to 25 and requires the annual average total compensation of the new jobs to be no less than \$40,000; amends the definition of "Industrial Development Property" by adding Subsector 493, where the trade or business will provide logistics services related to the distribution of goods, employ 50 or more persons, and involve a capital investment of at least \$5 million, except that the investment in a trade or business located in a favored geographic area, as defined in Section 40-18-190(a)(6), must exceed \$1 million; amends the maximum exemption period to provide for an abatement of 10 years for data processing centers with a capital investment that does not exceed \$200,000,000 within 10 years of the private user commencing the acquisition, construction and equipping of the project; a period of 20 years with a capital investment exceeding \$200,000,000 but not greater than \$400,000,000 within 10 years of the private user commencing the acquisition, construction and equipping of the project; and a period of 30 years with a capital investment exceeding \$200,000,000 within 10 years of the private user commencing the acquisition, construction and equipping of the project and exceeding \$400,000,000 within 20 years of the private user commencing the acquisition, construction and equipping of the project; provides that the abatement for data processing centers covers all real and personal property acquired at any time during the applicable maximum exemption period.

*Effective Date:* April 19, 2012

**Act 2012-212 (HB 243)**

**Increases the Maximum Expended Amounts Beyond which Entertainment Industry Rebates Would not Be Allowed and Increases the Annual Cap for Incentives**

This act concerns the Entertainment Industry Incentives Act of 2009; amends Sections 41-7A-43 and 41-7A-45, as amended by Act 2011-695 of the 2011 Regular Session, and Section 41-7A-48; increases the maximum expended amounts beyond which entertainment industry rebates would not be allowed and increases the annual cap for incentives allowed during any fiscal year; raises the maximum expended amount beyond which rebates would not be allowed; increases the annual cap for incentives allowed during any fiscal year to \$15 million for FY 2013; \$15 million for FY 2014; and \$20 million for fiscal years thereafter.

*Effective Date:* April 19, 2012

**Act 2012-227 (SB 298)**

**Specifies That a Law Enforcement Officer Can Have a Motor Vehicle Towed if Driver has Been Arrested or Injured, or Motor Vehicle Needs to Be Removed for Other Reason as Determined by a Law Enforcement Officer**

This act amends Sections 32-13-1 and 32-13-2; amends the definition of an "abandoned motor vehicle" in Title 32, Chapter 13, to include vehicles unattended because the driver of the vehicle has been arrested or is impaired by an accident or for any other reason which causes the need for the vehicle to be immediately removed as determined necessary by the law enforcement officer, or which is subject to an impoundment order for outstanding traffic or parking violations.

*Effective Date:* April 24, 2012

**Act 2012-256 (HB 436)**

**Severe Weather Preparation Sales Tax Holiday**

This act exempts purchases of certain covered items (storm prevention/recovery items) from the state sales and use tax during the first full weekend in July, 2012, and during the last full weekend of February in subsequent years; authorizes any county or city to exempt certain covered items from local sales and use taxes; prohibits a county or municipality from providing for a sales and use tax exemption during any period of the year that is not designated as a sales tax holiday.

*Effective Date:* April 26, 2012

#### **Act 2012-259 (HB 73)**

##### **Income Tax Refund Check-Off for Victims of Crime and Leniency, Inc. (VOCAL)**

This act amends Section 40-18-140; relating to income tax refund check-offs; provides an income tax refund check-off for a contribution to Victims of Crime and Leniency, Inc. (VOCAL).

*Effective Date:* April 30, 2012. For tax years beginning after December 31, 2012.

#### **Act 2012-279 (SB 459)**

##### **Optional Network Election for Single Point Online Transactions or "ONE SPOT"**

This act requires the Department of Revenue to develop and make available a system which allows any taxpayer required to file and remit a state, county, or municipal sales or use tax or a state, county, or municipal leasing or rental tax the ability to file and remit the sales and use tax or leasing or rental tax returns and payments through an electronic single point of filing program; entitled the Optional Network Election for Single Point Online Transactions or "ONE SPOT"; provides that use of the system is optional to business entities; there will be no charge to utilize ONE SPOT by a taxpayer or local taxing jurisdiction; creates a State and Local Advisory Committee to provide input to the Commissioner of Revenue, and provides for its membership, powers, and duties; the Department of Revenue shall develop and make available the ONE SPOT system no later than September 30, 2013.

*Effective Date:* July 1, 2012. For returns and payments for tax periods beginning after September 30, 2013.

#### **Act 2012-293 (HB 89)**

##### **Statewide Prepaid E-911 Fee**

This act amends Sections 11-98-1, 11-98-2, 11-98-4, 11-98-5, 11-98-6, 11-98-7, and 11-98-9; adds Sections 11-98-4.1, 11-98-5.2, 11-98-5.3, 11-98-13, 11-98-13.1, 11-98-14, and 11-98-15; repeals Sections 11-98-5.1, 11-98-7.1, and 11-98-8; creates a statewide E-911 Board to replace the existing Commercial Mobile Radio Service Board (CMRSB); empowers the board to establish and collect a single statewide emergency telephone service charge to be paid into an E-911 Fund replacing all other existing wireline and wireless E-911 charges and provides new procedures for the collection of the emergency service charge from prepaid wireless consumers at the point of sale; proposes that a single monthly statewide E-911 charge shall be imposed on each active voice communications service connection in Alabama payable by the subscriber to the voice communications service provider to the 911 Board; the statewide 911 charge collected under Section 11-98-5 will not be subject to taxes or charges levied on or by the voice communications service provider and the charges and fees will not be considered revenue of the provider for any purposes; provides that prepaid wireless charges will be taxed at the point of sale paid by the consumer, collected by the seller at the time of the sale and remitted to the Department on Revenue; Revenue will remit the amount collected to the CMRSB within 30 days of the date received; the fee shall be administered in the same manner as applicable in Chapter 23 of Title 40; the audit and appeal procedures applicable to Chapter 23 of Title 40 shall apply to the wireless 911 fee.

*Effective Date:* May 8, 2012

Sections 11-98-4.1, 11-98-5.2, 11-98-13.1, 11-98-14, and 11-98-15 become effective May 8, 2012. Section 11-98-5.3 will become effective September 1, 2012. The remaining provisions of the act become effective on October 1, 2013.

#### **Act 2012-304 (HB 359)**

##### **Foreign Corporations Provided with Same Obligations, Rights and Consequences as Other Foreign Entities Doing Business Unregistered**

This act amends Section 10A-1-7.21 and repeals Sections 10A-2-15.01 and 10A-2-15.02; consequences of a foreign corporation transacting business without registering with the Secretary of State same as other foreign entities doing business in the State unregistered.

*Effective Date:* January 1, 2014, following the ratification of the constitutional amendment proposed by HB357 of the 2012 Regular Session (Act 2012-275).

**Act 2012-305 (SB 86)**

**Income Tax Refund Check-Off for Contribution to Alabama Veterinary Medical Foundation for the Spay-Neuter Program**

This act provides an income tax refund check-off for a contribution to the Alabama Veterinary Medical Foundation for the Spay-Neuter Program.

*Effective Date:* August 1, 2012. Effective for the 2012 tax year and subsequent years.

**Act 2012-309 (HB 307)**

**Insulin Syringes and Other Diabetic Supplies Exempt from Sales and Use Taxes**

This act specifies that the sale of insulin syringes and other diabetic supplies purchased pursuant to a valid prescription will be exempt from any state, county, and municipal sales and use taxes; applies retroactively to all open tax periods and all periods for which a preliminary or final assessment of tax could be entered pursuant to Section 40-2A-7, or any successor general or local law; pursuant to Section 2 of this act, no refunds shall be due or issued pursuant to this act with respect to those periods prior to the effective date of this act.

*Effective Date:* August 1, 2012

Retroactive to all open tax periods and all periods for which a preliminary or final assessment of tax could be entered pursuant to Section 40-2A-7.

**Act 2012-313 (HB 120)**

**Clarifies Process for Claiming Exemption from Ad Valorem Tax Due to Age or Disability**

This act amends Sections 40-9-19, 40-9-21, and 40-9-21.1; clarifies the process for claiming an exemption from ad valorem taxes due to age or disability; ties the exemptions provided for in 40-9-19 (d) and 40-9-21 to the income thresholds present in these sections; raises the income threshold from \$7,500 to \$12,000.

*Effective Date:* August 1, 2012

The amendatory language in the act will apply for tax years beginning on or after October 1, 2012.

**Act 2012-317 (HB 341)**

**Exempts Underground and Aboveground Storage Tanks from Requirements of Alabama Uniform Environmental Covenants Act**

This act amends Section 35-19-2; exempts underground and aboveground storage tanks storing motor fuel from the Alabama Uniform Environmental Covenants Act (AUECA); does not affect Title 22, Subtitle 1, Chapter 35 which imposes the storage tank trust fund charge, administered by the Department of Revenue.

*Effective Date:* August 1, 2012

**Act 2012-318 (HB 364)**

**Further Provides for the Levy, Collection, and Administration of Severance Tax, Including Point When Tax is Levied**

This act amends Sections 40-13-51, 40-13-53, 40-13-54, 40-13-55, 40-13-56, 40-13-57, and 40-13-58; further provides for the levy, collection, and administration of the severance tax, including the point when the tax is levied; provides a definition for "pollution control" or "abatement"; amends definition of "severed material" to exclude severed materials that are further processed into a finished aggregate or limestone product without being transported on a public road; requires the Department of Revenue to provide the county commissions with more detailed information regarding the distributions, including copies of taxpayer's returns, upon request of the county ; requires the tax to be imposed on severed materials which are sold, delivered, or transferred between separate legal entities; provides an exemption from the tax where a producer who severs material from the earth

and sells the severed material to the first purchaser without the materials being transported on a public road; provides that direct purchases by sovereign governmental entities are not subject to the tax hereunder; no penalties shall be imposed against a producer or purchaser for any severance tax due, based upon an interpretation of the provisions of this act, until the Department has adopted rules that have been effective for 60 days.

*Effective Date:* October 1, 2012

#### **Act 2012-335 (SB 382)**

##### **Extends Collection of Construction Craft Industry Fees**

This act amends Section 7 of Act 2009-561, and repeals Section 7 of Act 2010-220; provides for the continued collection of construction craft industry fees; all licensed contractors performing work on any construction project job located in Alabama must remit a fee to the Department of Revenue to be used for the recruitment and training of new construction craft trade workers; construction craft industry fee is subject to sunset provisions on October 1, 2014.

*Effective Date:* May 10, 2012

#### **Act 2012-362 (HB 272)**

##### **Repeals the Requirement for the Social Security Number to be Provided by Applicants for Renewal of Licenses**

This act amends Section 30-3-194; relates to providing the Social Security Number for the issuances and renewal of a license; repeals the requirement for providing the Social Security Number for a license renewal.

*Effective Date:* August 1, 2012

#### **Act 2012-378 (SB 426)**

##### **Eliminates Minimum Penalty Provision in Failure to File Tax Law**

This act amends Section 40-2A-11; discontinues the assessment of the late filing penalty in cases where an individual income tax return was filed reflecting no tax due at the time of filing; failure to file penalty remains unchanged for other taxpayers.

*Effective Date:* May 14, 2012. For tax returns filed for the 2011 and subsequent tax years.

#### **Act 2012-385 (HB 140)**

##### **Extension of Time Period to Claim Capital Credits**

This act amends Section 40-18-194; provides for a carry forward and delay of credit mechanism for certain qualifying projects that incur more than \$100 million in capital investment and create at least 100 jobs; projects that incur at least \$400 million will be allowed to carry forward the capital credit up to four taxable years; projects that incur at least \$300 million but less than \$400 million will be allowed to carry forward the credit up to three taxable years; projects that incur at least \$200 million but less than \$300 million will be allowed to carry forward the credit up to two taxable years; projects that incur at least \$100 million but less than \$200 million will be allowed to carry forward the credit one taxable year; allows a company that meets the investment and the jobs thresholds to delay the start of the qualifying project for up to three years; projects that are placed in service after December 31, 2011, and meet the thresholds will be allowed the carry forward and delay provisions.

*Effective Date:* May 14, 2012

This act shall become effective for all qualifying projects for which a project agreement has been entered into prior to December 31, 2011, but which have not been placed in service as of December 31, 2011, and for all qualifying projects for which a project agreement is entered into on or after December 31, 2011.

#### **Act 2012-386 (HB 145)**

##### **Extension of Excise and Privilege Tax on Coal**

This act amends Sections 40-13-2, 40-13-6 and 40-13-8; provides for the collection of the excise and privilege tax on coal; amends the distribution amounts and formulas for those agencies receiving proceeds from the

\$0.135 coal severance tax; counties producing coal that had not previously received an allocation will receive an allocation based upon tonnage produced in the county using 60% of the severance tax; terminates the tax on October 1, 2021, unless extended by the Legislature.

*Effective Date:* August 1, 2012

For fiscal year beginning October 1, 2011, the tax shall apply to all severance of coal from October 1, 2011, through the effective date of this act, as well as the severance of coal after the effective date of this act. No penalties or interest will be assessed for the tax return or payment related to the tax for the periods from October 2011 through the effective date of this act if the return is filed and payment is remitted by August 20<sup>th</sup>, 2012.

#### **Act 2012-391 (HB 328)**

##### **Income Tax Credit for Purchase and Installation of Irrigation Equipment**

This act provides for the expense allowance provided to Alabama income taxpayers under Section 179 of the Internal Revenue Code for irrigation equipment; for all tax years beginning after December 31, 2011, there is allowed to any agricultural trade or business an income tax credit of 20% of the cost of the purchase and installation of qualified irrigation equipment and conversions costs related to irrigation systems or the development of irrigation reservoirs and water wells; credit shall be limited to only one purchase and installation of qualified irrigation equipment or one qualified reservoir per taxpayer; the credit may not exceed \$10,000 in any tax year or the taxpayer's Alabama income tax liability computed without regard to the credit.

*Effective Date:* May 14, 2012. For all tax years beginning after December 31, 2011.

#### **Act 2012-395 (HB 401)**

##### **Sales and Use Tax Exemption for Metal Held for Investment Purposes**

This act amends Sections 40-23-4 and 40-23-62; Section 40-23-4 is amended to exempt the gross receipts from the sale or sales of metal, other than gold or silver, when the metal is purchased for the purpose of transferring such metal to an investment trust in exchange for shares or other units, each of which are both publicly traded including metal stored in warehouses located in this state; the exemption defines metals to include copper, aluminum, nickel, zinc, tin, lead, and other similar metals typically used in commercial industrial applications; Section 40-23-62 is amended to exempt the storage or use of these metals.

*Effective Date:* August 1, 2012

#### **Act 2012-413 (SB 227)**

##### **Establishes a Catastrophe Savings to Cover Insurance Deductibles and Other Uninsured Portions of Risks of Loss to Owners of Residential Property Owners from Windstorm Events**

This act establishes a catastrophe savings account to provide reimbursement for insurance deductible amounts and other uninsured portions of risks of loss to owners of residential property from a windstorm event; a taxpayer may establish only one catastrophe savings account; allows individual taxpayers a deduction against income earned for state income tax purposes imposed pursuant to Section 40-18-5 for amounts contributed to a catastrophe savings account; the total amount that may be contributed to the catastrophe savings account cannot exceed any of the following: 1) individuals whose qualified deductible is less than/equal to \$1,000, the maximum amount is \$2,000, 2) individuals whose qualified deductible is greater than \$1,000, the maximum amount is the amount equal to the lesser of \$15,000 or twice the amount of the taxpayer's qualified deductible, 3) self-insured individuals who choose not to obtain insurance on his/her legal residence, the maximum amount is \$250,000 but cannot exceed the value of the legal residence; if a taxpayer contributes in excess of the limits, the taxpayer must withdraw the excess amount and include the amount in Alabama income for purposes of Section 40-18-5, in the year of withdrawal; a distribution from a catastrophe savings account must be included in the income of the taxpayer unless the amount of the distribution is used to cover qualified catastrophe expenses; the tax paid pursuant to Section 40-18-5, attributable to a taxable distribution, with exceptions, must be increased by two and one-half percent of the amount which is includable in income; if a taxpayer who owns a catastrophe savings account dies, his/her amount must be included in the income of the person who receives the account, unless the person is the surviving spouse of the taxpayer.

*Effective Date:* May 15, 2012

**Act 2012-416 (SB 439)**

**Commissioner of Revenue Prescribes Number of Years Motor Vehicle License Plate Designs will be Valid**

This act amends Section 32-6-62; makes all license plate designs valid for a minimum period of five years; permits the Commissioner of Revenue, with the approval of the License Plates Legislative Oversight Committee, to authorize a license plate design to be extended past the current five (5) year period.

*Effective Date:* August 1, 2012

**Act 2012-425 (HB 277)**

**Levies Tax on Cigar Wrappers**

This act levies a tax on cigar wrappers and adds Section 40-25-2.1 to Title 40; defines a "cigar wrap" as an individual tobacco wrapper that is made wholly or in part from tobacco, including reconstituted tobacco, whether in the form of tobacco leaf, sheet, or tube, if the wrap is designed to be offered to or purchased by a consumer; the tax is levied on all cigar wrappers made using tobacco, sold at wholesale in this state, or imported into this state for use, consumption, or sale at retail; the tax will be based on weight; the rates for weight are the same as those levied on smoking tobacco; provides that this section does not apply to a cigar manufacturer using wrappers made from tobacco applying those wrappers on a finished cigar for sale at retail; before someone engages in the business of selling cigar wrappers on which the tax has not been paid to the Department of Revenue, they are required to obtain a license; this act requires monthly reports; provides for penalties; provides for the distribution of proceeds from the tax levy according to Section 40-25-23.

*Effective Date:* August 1, 2012

**Act 2012-426 (HB 278)**

**Secondary Metals Recyclers; Additional Records Required; Purchases of Specified Metal Property Limited; Registration with ACJIC Required; Database of Metal Property Sales Created; Criminal Penalties Established**

This act amends Sections 13A-8-30, 13A-8-31, 13A-8-32, 13A-8-33, 13A-8-34, 13A-8-35, 13A-8-36, 13A-8-37, and 13A-8-39; adds Sections 13A-8-31.1, 13A-8-31.2, 13A-8-35.1, 13A-8-37.1, and 13A-8-37.2; requires secondary metals recyclers to maintain additional records relating to the purchase of ferrous and nonferrous metals; requires secondary metals recyclers to register with the Alabama Criminal Justice Information Center (ACJIC) or other responsible agency, who will maintain a database of certain information collected by secondary metals recyclers relating to the purchase of metal products; increases the enforcement provisions found in Title 13 related to secondary metal recyclers; amends the record keeping requirements; imposes criminal penalties for possession of stolen property; places restrictions on the purchase of certain items.

*Effective Date:* August 1, 2012

**Act 2012-427 (HB 286)**

**Owners of Subchapter K Entities, Alabama S Corporations, and Owners and Resident Beneficiaries of Estates or Trusts Provided a Proportionate Tax Credit for Taxes Paid to a Foreign Country**

This act amends Sections 40-18-14 and 40-18-21; provides owners of certain pass-through entities, as well as resident beneficiaries of an estate or trust, with a credit equal to their proportionate share of certain income or gross profits taxes paid or accrued to other states or territories on behalf of owners, and a credit for 50% of income taxes paid or accrued to a foreign country with respect to the trade or business of investment income of such entity; requires the Department of Revenue to report annually to Legislature the extent to which credits for taxes paid to foreign countries are claimed during the preceding tax year; this act provides that taxpayers may recognize gains from any taxable disposition of all or any portion of assets or Subchapter K interests consistent with pre-act applications under Sections 40-18-14 and 40-18-21 where the parties can document that negotiations began prior to January 1, 2011; no penalty, including payments otherwise required under Section 40-18-80, shall be due or assessed for any underpayment of or failure to pay estimated income tax resulting from any retroactive application of the amendment in this act.

*Effective Date:* May 15, 2012



Amendments to Sections 40-18-14 and 40-18-21(a) apply to all tax years beginning after December 31, 2010. Amendments to Section 40-18-21(c) apply to all tax years beginning after December 31, 2011.

**Act 2012-434 (HB 556)**

**Extends Prohibition against Permitting New Solid Waste Facilities**

This act amends Act 2011-297, now appearing as Section 22-27-5.2; extends the prohibition against permitting new public solid waste landfill facilities until May 31, 2014; the moratorium period does not apply to industrial facilities receiving waste generated in-state only by the permittee.

*Effective Date:* May 15, 2012

**Act 2012-436 (HB 599)**

**Alabama Tourism Destination Attraction Incentive Act**

This act amends Sections 40-9B-3, 40-18-190 and 40-18-193; creates the Alabama Tourism Destination Attractions Incentive Act; allows the governing body of a municipality, county, or a public industrial authority to grant abatements of certain ad valorem and construction related transaction taxes to private users of tourism destination attractions for a period of up to 10 years and to enable tourism attractions to qualify for capital credits; tourism destination attraction projects that locate in favored geographic areas with at least \$5 million in capital costs, create at least 20 (full-time) jobs for new employees and pay those new employees a base wage requirement as set in the law can qualify for and receive the income tax capital credit; those projects that are not located in favored geographic areas must invest at least \$20 million, create at least 50 (full-time) jobs and meet the base wage requirements, the "tourism destination attraction" definition encompasses most attractions that provide cultural, historical, natural/man-made beauty, entertainment and amusement opportunities that are designed to attract in-state and out-of-state visitors but does not include facilities primarily devoted to recreational establishments (shopping centers, restaurants, movie theaters, etc.) that serve the community; this act does not apply to any gaming facility; for qualifying industrial or research enterprises described in Section 40-9B-3 (a) (10) j., the approval of the abatement of a specified ad valorem tax or construction related tax levied or imposed by a county or municipality will take place only upon adoption of a resolution by the governing body of the county or municipality approving the abatement.

*Effective Date:* May 15, 2012

**Act 2012-474 (SB 398)**

**Innocent Spouse Relief**

This act amends Section 40-18-27 to conform to Federal law in regards to instances where taxpayers can seek relief from being jointly and severally liable for the income tax liability shown on a joint return; commonly referred to as "innocent spouse relief", the relief shall conform to Title 26 USC Sec. 6015(c) and 6015(f).

*Effective Date:* May 15, 2012

**Act 2012-483 (HB 257)**

**Alabama New Markets Development Act**

This act creates the Alabama New Markets Development Act; establishes state income, financial institution excise, and premium tax credits for investments in businesses in impoverished and low income communities pursuant to Section 45D of the Internal Revenue Code; the credits are transferable on the open market; any unused credit is available for carry forward (7 years) to future tax years; applications should be submitted to the Alabama Development Office with a \$5000 non-refundable fee; the Alabama Development Office may not certify more than \$20 million in credits during each tax year; the maximum investment qualifying for the credit is \$10 million per project.

*Effective Date:* August 1, 2012

**Act 2012-486 (SB 393)**

**Jason Barfield Act**

This act creates the Jason Barfield act; this bill allows residents an income tax exemption in the year declared deceased for any payment made by the U.S. Dept of Defense when the person was a member of the Armed Forces and was killed in action in a designated combat zone; exempts any income earned by the spouse of the deceased service member in the year the individual is declared deceased; the normal statute of limitations for filing a petition for refund would not apply.

*Effective Date:* May 16, 2012. Retroactively effective to January 1, 2011.

#### **Act 2012-491 (HB 658)**

##### **Beason-Hammon Alabama Taxpayer and Citizen Protection Act**

This act amends Sections 3, 5, 6, 8, 9, 13, 20, 21, 24, 27, 29 and 30 of Act 2011-535, now appearing as sections 31-13-3, 31-13-5, 31-13-6, 31-13-8, 31-13-9, 31-13-13, 31-13-19, 31-13-20, 31-13-23, 31-13-26, 31-13-28, 31-13-29; amends Section 32-6-9 and 32-6-10.1; makes revisions to the Beason-Hammon Alabama Taxpayer and Citizen Protection Act; business entities or employers, to include contractors and subcontractors, or persons receiving a grant or incentive by the state or political subdivision must enroll in E-Verify and verify every employee that is required to be verified according to applicable federal rules and regulations relating to the hiring of unauthorized aliens; if the business entity does not comply, and upon a finding by a court of competent jurisdiction, the court shall direct the applicable state, county, or municipal governing bodies to suspend the business licenses, permits, articles of incorporation, articles of organization, or any other authorizing document of the business entity; requires the Attorney General to defend law enforcement officers under certain conditions; requires the Administrative Office of Courts to submit a quarterly report to the Alabama Department of Homeland Security summarizing the number of cases in which an unlawfully present person was detained by law enforcement and appeared in court for any violation of state law; requires the Department of Revenue to conduct annual searches of its records to determine if multiple individuals have filed tax returns under the same Social Security number or the same individual tax identification number and investigate the use of the Social Security numbers or individual tax identification numbers; after a Social Security Number or individual tax identification number is determined to be stolen or misused, the Department of Revenue shall report the violation to the Attorney General or the appropriate district attorney.

*Effective Date:* May 18, 2012

#### **Act 2012-494 (SB 216)**

##### **Person Must Present Proof of Actual Purchase Price when Presenting a Deed or Bill of Sale to Be Recorded with the Judge of Probate**

This act amends Section 40-22-1; requires that a person presenting a deed, bill of sale, or other instrument conveying any real or personal property within this state or any interest in any property to the judge of probate for recording will present proof of the actual purchase price of property or actual value of the property; the Department of Revenue will develop a form which will be used for attesting to the actual value or actual purchase price of the property; if proof is not presented, the privilege or license tax will be based upon the assessed value of the property; the person failing to submit the required proof will be subject to a monetary penalty of \$100 or 25 percent of the privilege or license tax actually due, whichever is greater.

*Effective Date:* August 1, 2012

#### **Act 2012-513 (HB 249)**

##### **Exempts Alabama Marine Corps League from State, County, Municipal Sales and Use Taxes**

This act exempts the Alabama Marine Corps League from paying or collecting any state, county, and municipal sales and use taxes.

*Effective Date:* August 1, 2012

#### **Act 2012-524 (HB 505)**

##### **Disaster Recovery Tax Incentive Protection Act of 2011**

This act amends Act 2011-709, now appearing as Section 40-9B-13, entitled the Disaster Recovery Tax Incentive Protection Act of 2011; provides further protection of tax abatements in the event properties are damaged or destroyed by natural disasters; defines "Disaster Replacement Property", "Governing Body",

"Natural Disaster", and "Replaced Property"; tax abatements otherwise granted pursuant to this chapter will not be disqualified solely because the underlying transactions or property relate to the repair or replacement of property damaged by a natural disaster and not to new construction; expansion of abatement law applies to transactions entered into or property acquired after the tornado outbreaks of April 2011; ad valorem tax abatements in existence prior to the onset of a natural disaster shall not be disallowed because of an interruption of a qualifying business activity at the site; tax abatements on replaced property will apply to disaster replacement property obtained by a private user if: 1) the disaster replacement property is located at a different site than the replaced property, but not within the jurisdiction of a different governing body, so long as the cost of the disaster replacement property does not exceed the cost of the replaced property by more than 25 percent. The private user must provide written notice to the abatement granting authority, to the assessing official of the county where the property is located, and to the Department of Revenue of the change in location of the private use industrial property or the disaster replacement property no later than the first October 1 following the effective date of this act or the first October 1 following the change in location of the property, whichever is later. The user will also file the appropriate tax returns on October 1 of that year and each year thereafter, as required by law, 2) where the disaster replacement property is located within the jurisdiction of a governing body different from the replaced property, then the private user must obtain approval from the appropriate governing body for the continuation of the ad valorem tax abatement, in accordance with Sections 40-9B-5 and 40-9B-6, 3) if the cost of the disaster replacement exceeds the cost of the replaced property by more than 25 percent, then the private user will obtain governing body approval under the procedures outlined in Sections 40-9B-5 and 40-9B-6 for the abatement of any taxes on the investment amount of the investment that is greater than 25 percent more than the cost of the replaced property; no new approval is required on the amount of the new investment not greater than 25 percent more than the cost of the replaced property, if no new governing body is affected by the continuation of the tax abatements.

*Effective Date:* May 22, 2012. Retroactively effective on April 15, 2011.

#### **Act 2012-533 (HB 638)**

##### **Expedited Issuance of Professional Licenses and Certificates for Spouses of Active Duty Military Personnel and Acknowledgement of Certain Licenses Obtained in Other Jurisdictions**

This act expedites the issuance of professional licenses and certificates for spouses of active military personnel; acknowledges licenses obtained in other jurisdictions; does not apply to the practice of law or the regulation of attorneys; applies to any board, agency, commission, or other entity providing professional licenses or certificates, or both, for the purpose of employment in Alabama; applies to individuals who are: 1) married to an living with an active duty member of the United State Armed Forces who is relocated to and stationed in Alabama under official military orders, 2) have not committed or participated in an act that would constitute grounds for refusal, suspension or revocation of a professional license or certificate, 3) have not been disciplined by an authorized entity or under investigation in relation to a professional license or certificate, 4) has paid any required fee and submitted to any required background check by an authorized board, commission, or agency in Alabama; the professional license or certificate would be expeditiously issued based on the spouse having a current license or certificate which was obtained in other jurisdictions or states with greater or substantially similar licensing requirements as those required of the board, commission or agency in Alabama.

*Effective Date:* August 1, 2012

#### **Act 2012-536 (HB 696)**

##### **Levies an Additional Monthly Surcharge Due with Each Monthly Payment of Supplemental Privilege Assessment on Nursing Facilities**

This act amends Sections 40-26B-21, 40-26B-22 and 40-26B-26, as amended by Act 2011-614; levies an additional monthly surcharge beginning May 20, 2012 and ending August 31, 2013, to be due with each payment of the supplemental privilege assessment; initial monthly surcharge will be reduced September 20, 2012 until August 31, 2013; nursing facilities must remit the additional monthly surcharge per licensed bed per month; the surcharge will affect 16 months (periods for April 2012 through August 2013); the initial surcharge in the amount of \$131.25 will be required for the first 4 months and applies to tax returns filed for the periods of April 2012 through July 2012; reduces the additional monthly surcharge per licensed bed per month on nursing

facilities beginning September 20, 2012 until August 31, 2013; beginning with the monthly payment of the supplemental privilege assessment due on September 20, 2012, the monthly surcharge decreases to \$43.75 per licensed bed per month; the surcharge applies to tax returns filed for the periods of August 2012 through August 31, 2013.

*Effective Date:* May 22, 2012

**Act 2012-543 (HB 187)**

**Income Tax Refund Check-Off for Alabama Association of Rescue Squads**

This act provides for a voluntary contribution to the Alabama Association of Rescue Squads made by check-off on annual income tax returns; a minimum annual contribution of \$2 may be voluntarily contributed.

*Effective Date:* August 1, 2012

**Act 2012-544 (HB 185)**

**Sales and Use Tax Exemption and Ad Valorem Tax Exemption for the Alabama Association of Volunteer Fire Departments, County Volunteer Fire Associations, the Alabama Association of Rescue Squads and Its County Volunteer Members, and All Local Fire Districts Not Under Their County Commission**

This act exempts the Alabama Association of Volunteer Fire Departments, county volunteer fire associations, the Alabama Association of Rescue Squads, Incorporated, all volunteer rescue squads that are members of the Alabama Association of Rescue Squads, all county volunteer rescue associations, all local fire districts that are not under the auspices of their county commission from any state, county, and local sales and use taxes and ad valorem taxes.

*Effective Date:* August 1, 2012

**Act 2012-561 (HB 213)**

**Certain Financial Entities Not Required to Be Licensed as Used Motor Vehicle Dealers**

This act amends Section 40-12-390; specifies that the term "used motor vehicle dealer" does not include credit unions or licensees of the State Banking Department and finance companies which acquire motor vehicles as an incident to their regular business, and does not include motor vehicle rental and leasing companies.

*Effective Date:* May 23, 2012

## **Local Revenue Related Acts 2012 Regular Session**

### **Act 2012-82 (HB 125)**

#### **Installation and Maintenance of Improved System for Recording, Archiving and Retrieving Documents Affecting Property Titles in Montgomery County**

This act repeals Act 1965-591; facilitates the use of public records in property transactions in Montgomery County by providing for the installation of an improved system of recording, archiving, and retrieving instruments and documents affecting the title to real and personal property and other documents recorded in the office of the judge of probate; provides for the collection and disposition of a special recording fee of \$5.00; provides that the system shall constitute official and permanent records in Montgomery County.

*Effective Date:* June 1, 2012

### **Act 2012-165 (HB 51)**

#### **Commissioner of Licenses in Morgan County May Collect a Voluntary Contribution for the Issuance/Renewal of a Boat Registration**

This act provides for the commissioner of licenses in Morgan County to collect a voluntary contribution for distribution to the Morgan County Rescue Squad upon the issuance or renewal of a boat registration in the county.

*Effective Date:* July 1, 2012

### **Act 2012-196 (HB 498)**

#### **Authorizes Cities in Jefferson County to Designate City License Issuing Official**

This act authorizes the mayor of any city in Jefferson County to designate a city officer or employee to process the renewal of motor vehicle license plates for motor vehicles; the city shall be audited by the Examiners of Public Accounts; requires city license plate issuing official and his or her employees to be bonded by a bonding company.

*Effective Date:* January 1, 2013

### **Act 2012-206 (HB 476)**

#### **Distribution of Additional TVA Payments in Marshall County**

This act amends Section 1 of Act 2011-527; provides for the distribution of additional TVA in-lieu-of-taxes payments received by Marshall County pursuant to Act 2010-135 to school systems in the county for payments to teachers achieving National Board Certification.

*Effective Date:* April 17, 2012

### **Act 2012-226 (SB 187)**

#### **Franklin County; Duties/Responsibilities/Liabilities Regarding Real Property Sales for Failure to Pay Taxes and Subsequent Redemptions Transferred to Revenue Commissioner**

This act provides that all duties, responsibilities, and liabilities regarding real estate sales for failure to pay taxes and subsequent redemptions be transferred from the Franklin County Judge of Probate to the Franklin County Revenue Commissioner.

*Effective Date:* July 1, 2012

### **Act 2012-233 (SB 466)**

#### **Authorizes the Talladega County Commission to Levy a Lodging Tax**

This act amends Section 2 of Act 2008-494; authorizes the Talladega County Commission to levy a lodging tax in the amount of two percent of the charge for the rooms, lodgings, or accommodations, including the charge for use or rental of personal property and services furnished in the room; does not apply to rooms, lodgings, or

accommodations supplied for a period of 30 continuous days or more in any place; campgrounds in the county are exempted from the tax.

*Effective Date:* April 24, 2012

**Act 2012-240 (HB 483)**

**Distribution of TVA Payments in Limestone County**

This act amends Section 1 of Act No. 79-501; provides for the further distribution of certain TVA payments to Limestone County Board of Education and Athens City Board of Education.

*Effective Date:* April 24, 2012

**Act 2012-241 (HB 507)**

**Installation and Maintenance of Improved System for Recording, Archiving and Retrieving Documents Affecting Property Titles in Monroe County**

This act facilitates the use of public records in property transactions in Monroe County by providing for the installation of an improved system of recording, archiving, and retrieving instruments and documents affecting the title to real and personal property and other documents recorded in the office of the judge of probate; provides for the collection and disposition of a special recording and filing fee of \$5.00; a special transaction fee of \$3 shall be paid to and collected by the judge of probate on any transaction, at the discretion of the judge of probate; provides that the system shall constitute official and permanent records in Monroe County.

*Effective Date:* July 1, 2012

**Act 2012-281 (SB 474)**

**Authorizes Barbour County Commission to Levy Additional Sales, Use, and Amusement Tax**

This act authorizes the Barbour County Commission to levy an additional sales, use, and amusement tax; provides for the collection, distribution, and use of the proceeds of the tax; prescribes penalties and fixes punishment for violation of the act; after a public hearing, the county commission, by recorded majority, may levy a sales, use, and amusement tax of not more than one-half cent (\$0.005); gives non-state third party administrator the same authority and power as the Department of Revenue in tax collection; in addition to the normal administration fees given to Revenue (up to 5% of gross collections), the administrator can bill the locality directly for any special counsel fees incurred in the tax collection effort; Revenue may employ special counsel as is necessary to enforce collection of the tax and to enforce this act; Revenue or other entity shall pay the special counsel any fees it deems necessary and proper from the proceeds of the tax collected by it for Barbour County

*Effective Date:* May 3, 2012

**Act 2012-301 (SB 473)**

**Increases Barbour County Board of Education School Tax District No. 1 Ad Valorem Tax**

This act increases the Barbour County Board of Education School Tax District No. 1 Ad Valorem tax by four mills to be used for school purposes; increased tax to be levied and collected in the School District No. 1 for each year beginning with the levy for the tax year October 1, 2012 to September 30, 2013 and ending with the levy for the tax year October 1, 2042 to September 30, 2043; tax to be levied after first submitted to the vote of the qualified electors in School District No. 1.

*Effective Date:* May 9, 2012. Contingent upon majority of voter approval in the Barbour County Board of Education School Tax District No. 1.

**Act 2012-308 (HB 404)**

**Prohibits any Municipality Located Entirely Outside of Lawrence County from Imposing Taxes**

This act proposes a local constitutional amendment relating to Lawrence County, to prohibit any municipality located entirely outside of Lawrence County from imposing any municipal ordinance or regulation, including, but not limited to, any tax, zoning, planning, or sanitation regulations, and any inspection service in its police jurisdiction located in Lawrence County; a municipality prohibited from imposing any tax or regulation under

this amendment shall not provide any regulatory function or police or fire protection services in its police jurisdiction located in Lawrence County, other than public safety mutual aid.

*Effective Date:* Constitutional Amendment; contingent upon voter approval

**Act 2012-325 (HB 572)**

**State Revenue Commissioner Responsible for Ensuring Property in Russell County is Appraised, Mapped, and Valued in Accordance with Law**

This act amends Sections 2 and 3 of Act 343 of the 1976 Regular Session; clarifies that the State Revenue Commissioner is responsible for prescribing functions, duties, and responsibilities in Russell County to ensure that property is appraised, mapped, and valued in accordance with law; the county revenue commissioner is responsible for collecting the cost of the appraisal and mapping program from the various agencies that receive ad valorem tax revenues.

*Effective Date:* May 10, 2012

**Act 2012-337 (SB 476)**

**Distribution of Tobacco Payments in Clay County**

This act amends Sections 45-14-244.02 and 45-14-244.05; adds new Section 45-14-244.04; further provides for the distribution of tobacco payments in Clay County; re-establishes the District Community Service Office servicing Clay, Chambers, and Randolph Counties; statutorily allows Clay County to self-collect or contract with other entities, including the Department of Revenue, to collect its tobacco taxes; changes the distribution of proceeds collected for Clay County.

*Effective Date:* July 1, 2012

**Act 2012-338 (SB 487)**

**Distribution of Tobacco Tax in Chambers County**

This act amends Section 45-9-244; provides further for the distribution of the tobacco tax in Chamber County; re-establishes the District Community Service Office servicing Clay, Chambers, and Randolph Counties; statutorily allows Chambers County to self-collect or contract with other entities, including the Department of Revenue, to collect its tobacco taxes the proceeds from the tax, less two percent of the actual cost of collection, will be distributed to the Chambers County General Fund.

*Effective Date:* July 1, 2012

**Act 2012-339 (SB 486)**

**Distribution of Tobacco Tax in Randolph County**

This act amends Sections 3 and 6 of Act 2003-213 and reenacts Section 5 of Act 2003-213; provides for the distribution of the tobacco tax; re-establishes the District Community Service Office servicing Clay, Chambers, and Randolph Counties; statutorily allows Randolph County to self-collect or contract with other entities, including the Department of Revenue, to collect its tobacco taxes the proceeds from the tax; the proceeds from the tax, less two percent of the actual amount of collection, shall be distributed to the Randolph County General Fund.

*Effective Date:* July 1, 2012

**Act 2012-365 (HB 574)**

**Authorizes a Mail Order Fee for Renewal of Business Licenses by Mail in Russell County**

This act authorizes the Russell County Commission to establish an additional fee to be entitled "Mail Order Fee" to off-set the costs or mailing or overhead relating to business license renewals; the fee will be collected by the judge of probate at the time of renewal and paid over to the county general fund.

*Effective Date:* August 1, 2012

**Act 2012-408 (SB 45)**

**Persons Absent from the State on Military Duty, Mission Assignment, or Similar Purpose Must Designate a Place of Residence in the State**

This act authorizes persons absent from the state on military duty, mission assignment, or other similar purposes to designate a place of residence in the state by filing a notarized declaration of residence with the judge probate of the county where the designated place of residence is located; specifies that the designation would not be effective for the purpose of voter registration or qualification for elected office; filing of a declaration of residence does not establish permanent residence for the person filing the declaration for either purposes of eligibility for the Alabama G.I and Dependents' Educational Benefit Act or for purposes of qualifying for in-state tuition rates at a state-supported institution of higher education, unless the person filed a personal income tax return with the state or would have been required to file a personal income tax return if the person had a tax liability.

*Effective Date:* August 1, 2012

**Act 2012-411 (SB 205)**

**Restricts Public Housing Authorities in Certain Class 3 Municipalities from Exercising Power of Eminent Domain Except with the Approval of the Municipality's Governing Body**

This act amends Section 24-1-28; requires municipal public housing authority in Class 3 municipalities, except Class 3 municipalities organized under Act 618 of the 1973 Regular Session, to obtain approval of the governing body of the municipality before exercising their power of eminent domain; also requires the housing authority to notify surrounding property owners prior to the purchase of property for public housing purposes by publishing the notice in a newspaper of general circulation in the municipality for a period of three consecutive weeks prior to execution of any binding agreement to purchase the property.

*Effective Date:* August 1, 2012

**Act 2012-417 (SB 471)**

**Establishes the Florence/Lauderdale Tourism Board and Changes the Distribution of Lodging Tax Collections in Lauderdale County**

This act amends Section 7 of Act 86-441; establishes the Florence/Lauderdale Tourism Board; changes the distribution of Lauderdale County lodging tax collections; 75% of net proceeds will be distributed to the Florence/Lauderdale Tourism board and 25% will be distributed to the municipality where the lodging is located; provides for distribution of the revenue by the Alabama Department of Revenue.

*Effective Date:* May 15, 2012

**Act 2012-418 (SB 504)**

**Increases "General Purpose Tax" in the City of Madison**

This act approves a proposed increase in the maximum rate of the ad valorem tax in the City of Madison called the "General Purpose Tax" from 18 mills to 24 mills of taxable property; provides for a referendum; provides that the city may make the proposed increase effective beginning with the levy for the tax year beginning October 1, 2012; provides for the use and expenditure of revenues derived by Madison from the proposed tax rate increase.

*Effective Date:* Constitutional Amendment; contingent upon voter approval

**Act 2012-421 (SB 563)**

**Distribution of TVA Payments in Jackson County**

This act amends and reenacts Section 1 of Act 79-473; provides for the appropriation of funds received by Jackson County from payments made in lieu of taxes by the Tennessee Valley Authority; repeals Act 2011-611 and Act 2011-654.

*Effective Date:* December 1, 2012

**Act 2012-422 (SB 564)**

**Authorizes Greene County Commission to Levy Additional Ad Valorem Tax**

This act authorizes the Greene County Commission to levy an additional ad valorem tax of three mills on each dollar of taxable property and provides for a referendum.

*Effective Date:* Constitutional Amendment; contingent upon voter approval



**Act 2012-442 (HB 552)**

**Distribution of Lodging Tax Proceeds in Madison County to U.S. Space and Rocket Center Foundation**

This act amends Sections 3 and 4 of Act 2004-418; provides that the county lodging tax proceeds are distributed to the U.S. Space and Rocket Center Foundation; the tax terminates on September 30, 2022.

*Effective Date:* May 16, 2012

**Act 2012-446 (HB 636)**

**Issuance Fee Levied for Each Motor Vehicle Tag Issued in Marengo County**

This act authorizes the Marengo County Commission to impose an issuance fee, not to exceed \$5.00, to be levied and collected annually for each motor vehicle tag issued in the county; provides that the proceeds shall be used to supply resources to the Marengo County Economic Development Authority and for improvements to the Marengo County road systems; provides an exemption from payment of issuance fee to any person 65 or older; the act will be repealed on October 1, 2022.

*Effective Date:* October 1, 2012

**Act 2012-447 (HB 665)**

**Provides Penalties for Failure to Collect the Tax Levied on Tobacco Products in Blount County**

This act amends Section 45-5-244; provides penalties for the failure to collect the tax levied on tobacco products in Blount County.

*Effective Date:* August 1, 2012

**Act 2012-453 (HB 752)**

**Distribution of Severed Material Severance Tax in Franklin County**

This act provides for the distribution of severed material severance tax funds remitted to Franklin County for economic development; funds will be distributed to the Franklin County Development Authority and used exclusively for economic development.

*Effective Date:* May 16, 2012

**Act 2012-454 (HB 756)**

**Additional Ad Valorem Tax Levy in Greene County**

This act authorizes the Greene County Commission to levy an additional ad valorem tax of three mills on each dollar of taxable property; provides for a referendum; revenues received from tax will be paid to the county general fund for educational purposes.

*Effective Date:* Constitutional Amendment; contingent upon voter approval

**Act 2012-457 (HB 771)**

**Distribution of Tobacco Tax in Talladega County**

This act amends Section 7 of Act 90-424; provides for an additional county tobacco tax; proceeds from the tax, less the cost of collection, will be paid by the Department of Revenue to the Talladega County Commission; a portion of the proceeds will be distributed to the Talladega County Volunteer Program.

*Effective Date:* May 16, 2012

**Act 2012-480 (SB 572)**

**Distribution of TVA Payments in Marshall County**

This act amends Section 1 of Act 86-564; provides further for distribution of Marshall County's share of in-lieu-of-taxes TVA payments.

*Effective Date:* August 1, 2012

**Act 2012-481 (HB 741)**

**Winston County Judge of Probate to be Compensated on Salary Basis; One-Stop Issuance of Motor Vehicle License Plates by Judge of Probate**

This act provides for the judge of probate in Winston County to be compensated on a salary basis; provides for the one-stop issuance of motor vehicle license plates by the county judge of probate; fees will be remitted to the county general fund; provides that the judge of probate will perform all duties relating to the issuance of motor license plates in the county; provides that the judge of probate will perform the duties relating to the assessment and collection of ad valorem taxes on motor vehicles.

*Effective Date:* Constitutional Amendment; contingent upon voter approval. If ratified, the act will become effective at the beginning of the next term of office of the judge of probate.

**Act 2012-488 (HB 748)**

**Levies an Additional One Percent Sales and Use Tax on Certain Items and an Additional One-Half of One Percent on Certain Other Items in Baldwin County**

This act authorizes the Baldwin County Commission to levy an additional one percent sales and use tax on certain items and one-half of one percent on certain other items; distributes the proceeds to any local boards of education in the county in accordance with state law; the tax expires five years from June 1, 2013, unless renewed; prescribes penalties and punishment for violation of the amendment; provides for exemptions from the sales and use tax; tax may be collected either by the county commission or by any person, firm, or corporation that the commission may contract to collect the tax.

*Effective Date:* Constitutional Amendment; contingent upon voter approval

**Act 2012-517 (HB 352)**

**Authorizes Class 3 Municipalities to File Expedited Quiet Title and Foreclosure Action**

This act authorizes Class 3 municipalities to file an expedited quiet title and foreclosure action in circuit court to establish clear title to tax sale properties acquired from the State Land Commissioner pursuant to Chapter 10 of Title 40.

*Effective Date:* May 22, 2012

**Act 2012-541 (HB 776)**

**Authorizes Geneva County Commission to Levy a One Percent Sales Tax**

This act authorizes the Geneva County Commission to levy a one percent sales tax, subject to a referendum, for constructing and maintaining a jail; the tax will be collected by the Department of Revenue, the county commission, or other entity the county has contracted to collect the tax; excess proceeds will go to road and bridge projects and resource officers for schools.

*Effective Date:* Constitutional Amendment; contingent upon voter approval

**Act 2012-547 (HB 685)**

**Installation and Maintenance of Improved System for Recording, Archiving and Retrieving Documents Affecting Property Titles in Jefferson County**

This act facilitates the use of public records in property transactions in Jefferson County by providing for the installation of an improved system of indexing, recording, archiving, and retrieving instruments and documents affecting the title to real and personal property and other documents recorded in the office of the judge of probate; beginning June 1, 2012, a special indexing and filing fee of \$11 will be paid to and collected by the judge of probate.

*Effective Date:* May 23, 2012

## **General Revenue Related Acts 2012 First Special Session**

### **Act 2012-599 (HB 13)**

#### **Distribution of Remote Use Taxes; 75% of Future Collections to General Fund**

This act amends Sections 40-23-60, 40-23-85 and 40-23-174, and repeals Section 40-23-150; provides a definition for Remote Use Tax in Section 40-23-60 and changes the distribution of use taxes in Section 40-23-85 so that after the distribution of the 2% tax on gross proceeds from the sales of automotive vehicles and other distributions provided in Section 40-23-85, 75% of future collections from remote sellers and 25% of all current use taxes will be deposited into the General Fund; an amount sufficient to fund the Children's Health Insurance Program (CHIP) will be distributed annually as a first charge against the amounts allocated to the General Fund under Section 40-23-85; the legislative intent is that all amounts collected on transactions involving a seller located outside the state when the property is shipped or transported from outside the state will be considered use tax for the purpose of distribution, regardless of whether the taxes are considered sales taxes for other purposes.

*Effective Date:* October 1, 2012

### **Act 2012-600 (HB 25)**

#### **Makes Appropriations from Children First Trust Fund and Tobacco Settlement Funds for Fiscal Year Ending September 30, 2013**

This act appropriates, according to Section 41-15B-2.2, the sum of \$35,990,322 in tobacco tax revenues from the Children First Trust Fund (CFTF) to various agencies for the fiscal year ending September 30, 2013; appropriates the sum of \$48,523,192 from additional tobacco settlement funds to various agencies for the fiscal year ending September 30, 2013.

*Effective Date:* May 24, 2012